



# LEGISLATIVE ASSEMBLY DEBATES

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WEDNESDAY, 30th JANUARY, 1935.

Vol. I—No. 6

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## OFFICIAL REPORT



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## LEGISLATIVE ASSEMBLY.

*Wednesday, 30th January, 1935.*

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

### DEATH OF MR. M. K. ACHARYA

**Mr. M. S. Aney** (Berar Representative): Sir, I have no doubt that Honourable Members of this House must have read in the papers this morning the sad news that Mr. M. K. Acharya, an old Member of this House, has passed away. Mr. Acharya was a Member of this House for a number of years, and I am one of those few Members who had the privilege to work with him during that period. Those who knew him can testify to the fact that he was not merely an active Member, but a Member who did his duty with great sincerity and fearlessness. In him, Sir, orthodox India has lost a great champion; and at a time when old usages and ancient customs are in the melting pot as it were, it is a matter of deep regret to note that those few Indians who have a firm faith in them and the Vedic religion are slowly disappearing, and in that sense I consider that his demise will be mourned all over the country, as a great loss to the orthodox community of the country and to the cause of Hinduism. I desire particularly to refer to the fact that in expressing his opinion he did it without fear or favour. Whatever he believed sincerely, he would express in utter disregard of the consequences that might follow. Even at the cost of popularity he fearlessly expressed what he thought. Such a sincere man who worked so strenuously for upholding the cause of ancient Indian culture in this country is lost to us. I am sure that this House will express its sincere sense of sorrow at his death, and I request you, Sir, to convey to his family the message of condolence on behalf of this House.

**Mr. S. Satyamurti** (Madras City: Non-Muhammadan Urban): Mr. President, I should like to associate myself and this side of the House with the sentiments expressed by my Honourable friend from Berar. I had the honour of knowing Mr. M. K. Acharya intimately. He belonged to the Congress, and he was a member of the Swaraj Party in this Honourable House, and all those who knew him knew his earnestness and sincerity of purpose, and, as my friend from Berar has said, even at the cost of popularity, he stuck to what he believed to be sound convictions on his part. It is not easy, Sir, for a man who belongs to the Indian National Congress to resign his membership from that body,—such is the strong hold it has on our affections and our convictions,—but Mr. Acharya did it. This is not the time nor the occasion to question the propriety or the soundness of it, but I should like to say, as one who knew him, that he lived a purposeful and earnest life for the convictions which he held near and dear to his heart. Sir, in him we have lost an earnest politician in Madras, and, I am sure, this Assembly would like you, Sir, as its representative to convey to the members of his family our profound and sincere sorrow at his death.

**The Honourable Sir Nripendra Sircar** (Leader of the House): Sir, I had not the honour of knowing the late Mr. M. K. Acharya, and I regret I am unable to contribute anything from my personal knowledge to what has been said about him, but I join whole-heartedly in the expressions of regret and all that has been said by the Honourable Members who preceded me.

**Sir Cowasji Jehangir** (Bombay City: Non-Muhammadian Urban). Mr. President, may I be allowed to associate myself and my Party in the vote of condolence that has been moved by our friends in this House? Personally I knew the late Mr. Acharya as a picturesque Member of this House. He represented his cause in England with great ability and with a certain amount of success which was due to his persistence and his sincerity of purpose. We may disagree with Mr. Acharya, or some of his friends may have disagreed with him, but nobody can doubt his honesty of purpose, his sincerity and his self-sacrifice for the cause which he always advocated in this House and outside this House. Sir, I would request you to convey to his family the sincerest condolences of this House.

**Mr. President** (The Honourable Sir Abdur Rahim): I had not the privilege of knowing personally the deceased Mr. Acharya, but I have not the slightest doubt from what I have heard to-day from Mr. Aney, Mr. Satyamurti and other speakers that he was a man greatly respected for the independence of his views and for the earnestness with which he advocated the cause of the Hindu society. It will be my duty to communicate to the bereaved family the expressions of regret and condolence of this House.

#### ORDERS FROM H. E. THE GOVERNOR GENERAL

**Mr. President** (The Honourable Sir Abdur Rahim): I have received an Order from His Excellency the Governor General.

(The order was received by the Assembly standing.)

*"For the purpose of sub-section (1) of section 67A of the Government of India Act and in pursuance of rules 43, 46 and 47 of the Indian Legislative Rules, I, Freeman, Earl of Willingdon, hereby appoint the following days for the presentation to the Legislative Assembly of the statement of the estimated annual expenditure and revenue of the Governor General-in-Council in respect of Railways and for the subsequent stages in respect thereof in the Legislative Assembly, namely:*

<i>Monday, the 18th February</i>	<i>. . . . .</i>	<i>Presentation in the Legislative Assembly.</i>
<i>Wednesday, the 20th February</i>	<i>. . . . .</i>	<i>General discussion in the Legislative Assembly.</i>
<i>Friday, the 22nd February</i>	<i>. . . . .</i>	<i>} Voting on Demands for Grants in the Legislative Assembly.</i>
<i>Saturday, the 23rd February</i>	<i>. . . . .</i>	
<i>Monday, the 25th February</i>	<i>. . . . .</i>	
<i>Tuesday, the 26th February</i>	<i>. . . . .</i>	

(Signed) WILLINGDON,  
Viceroy and Governor General."

NEW DELHI;

The 29th January, 1935.

**Mr. President** (The Honourable Sir Abdur Rahim): I have another Order to communicate to the House from His Excellency the Governor General.

(The Order was received by the Assembly standing.)

*"For the purposes of sub-section (1) of section 67A of the Government of India Act and in pursuance of rules 43, 46 and 47 of the Indian Legislative Rules, I, Freeman, Earl of Willingdon, hereby appoint the following days for the presentation to the Legislative Assembly of the statement of the estimated annual expenditure and revenue of the Governor General-in-Council in respect of subjects other than Railways and for the subsequent stages in respect thereof in the Legislative Assembly, namely:*

*Thursday, the 28th February, at 5 p m . Presentation in the Legislative Assembly.*

<i>Tuesday, the 5th March . . . . .</i>	} <i>General discussion in the Legislative Assembly.</i>
<i>Wednesday, the 6th March . . . . .</i>	

<i>Thursday, the 7th March . . . . .</i>	} <i>Voting on Demands for Grants in the Legislative Assembly.</i>
<i>Friday, the 8th March . . . . .</i>	
<i>Saturday, the 9th March . . . . .</i>	
<i>Monday, the 11th March . . . . .</i>	
<i>Tuesday, the 12th March . . . . .</i>	

(Signed) WILLINGDON,  
Viceroy and Governor General."

NEW DELHI;  
The 29th January, 1935.

**Mr. President** (The Honourable Sir Abdur Rahim): There is a Third Order from His Excellency the Governor General.

(The Order was received by the Assembly standing.)

*In pursuance of the provisions of sub-section (3) of section 67A of the Government of India Act, I hereby direct that the heads of expenditure specified in that sub-section shall be open to discussion by the Legislative Assembly when the Budget is under consideration.*

(Signed) WILLINGDON,  
Governor General.

NEW DELHI;  
The 22nd January, 1935.

#### ELECTION OF THE STANDING FINANCE COMMITTEE FOR RAILWAYS.

**Mr. President** (The Honourable Sir Abdur Rahim): I have to inform the Assembly that the following Members have been elected to the Standing Finance Committee for Railways, namely:

- (1) Pandit Nilakantha Das,
- (2) Mr. F. E. James,
- (3) Khan Sahib Sheikh Fazl-i-Haq Piracha,

[Mr. President.]

- (4) Mr. Sami Vencatachelum Chetty,
- (5) Maulvi Syed Murtuza Sahib Bahadur,
- (6) Mr. R. S. Surma,
- (7) Sardar Sant Singh,
- (8) Mr. V. V. Giri,
- (9) Mr. Muhammad Anwar-ul-Azim,
- (10) Mr. A. H. Ghuznavi, and
- (11) Mr. Nabi Baksh Illahi Baksh Bhutto.

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#### NOMINATIONS TO THE LIBRARY COMMITTEE

**Mr. President** (The Honourable Sir Abdur Rahim) I have to inform Honourable Members that I have nominated Dr Ziauddin Ahmad and Pandit Nilakantha Das to the Library Committee of the Indian Legislature

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#### MOTION RE INDO-BRITISH TRADE AGREEMENT.

**Mr. F. E. James** (Madras European): Sir, it is obviously not an easy thing under the present circumstances either in this country or in the United Kingdom to give impartial consideration to a matter which is primarily economic in its purview, and I feel that it is not likely that almost any agreement or any treaty placed before this House, at the present moment, which involves the interests of the United Kingdom together with the interests of this country, would receive consideration not tinged with political pre-conceptions. In fact, in some of the speeches which we have heard on this discussion, it has even been stated that the electorates have expressed their opinion upon the Agreement even before the Agreement was signed.

Now, I want at the outset to make it perfectly clear as to the policy of the Group on these Benches, more particularly for the benefit of those Honourable Members who are not altogether closely acquainted with our policy in the previous years in this Assembly. We take the view that India should have the same opportunity to consider her fiscal interests as Great Britain, Australia, New Zealand, Canada or South Africa, and that the Government of India should have the right to consider the interests of India first and should think of her own citizens first. We have taken that stand before, and we take that stand today, and we do not move from it. Therefore anything I say is said with that background in our minds. My Honourable friend, Mr. Ramsay Scott, explained to this House yesterday that the interests of Europeans and Indians in most of these matters were, in fact, identical and that there was a growing realisation of this. When I tell Honourable Members that in the constituencies which we represent there are not only great manufacturing and industrial interests which have been built up in this country, not only great importing and exporting interests, but also great bodies of ordinary consumers, Honourable Members will perhaps give us the credit for looking at this matter from the broadest possible point of view.

Now, Sir, I have to state that all the Chambers of Commerce which are represented by the Members of this Group, as a part of our constituencies, have given their general agreement to this Trade Agreement, and when I say all the Chambers of Commerce, it must not be forgotten that a number of the Chambers which we represent have not only European members but also a considerable proportion of Indian members as well.

Various questions have been asked during the discussion which I will endeavour to meet. First of all, it has been said that this Agreement abrogates India's fiscal principles. What are those fiscal principles? First of all, the principle of discriminating protection. What is the particular Article in the Agreement which is said to offend that principle? Article No. 3 (2): "The measure of protection to be afforded shall be only so much as, and no more than, will equate prices of imported goods to fair selling prices for similar goods produced in India". What does the Fiscal Commission say? The Fiscal Commission lays it down as a general principle that the rate of protection shall be neither too low nor too high and shall be determined primarily in the light of comparative costs. I have not the time to go into the history of the findings of the various Tariff Boards, but Honourable Members may take it from me—and if they care to go through the documents, they will find it is so—that Tariff Board after Tariff Board has laid it down that the amount of protection should be equal to the margin of difference between the fair selling price of the Indian product and the price of the imported product. A like formula has recently been used in regard to the iron and steel industry and in regard to the sugar industry; and indeed, it is on that basis that the sugar producers are this day applying to the Government for an increase in the duty on sugar in order to carry out efficiently and favourably the principle laid down by the Tariff Board. The other principle of India's fiscal policy is the fostering of Indian industries. The policy of discriminating protection is on the basis of fair selling price. What are the three principles laid down by the Fiscal Commission? First of all, that the industry must possess natural advantages, secondly, that it is not likely to develop without the help of protection, and thirdly, that it will eventually be able to face world competition without protection. If it is desirable to protect a particular infant industry, there is nothing in this Agreement to show why the fair selling price should not be fixed at a level enabling the widest consideration to be given in respect of the costs which are to be taken into account. I find nothing in the Agreement which need necessarily hinder the industrial development of this country, and certainly nothing that reverses the policy laid down by this Assembly some years ago, that India's fiscal policy should be legitimately directed towards fostering the development of her own industries. I would beg Honourable Members to remember that the policy which was accepted by this House and by the Government of India is the policy of discriminating protection, and not the policy of indiscriminate exploitation of the consumer. We believe that the Agreement is merely a logical development of this particular policy and is recognised as such by His Majesty's Government.

Then, another point has been made in the course of the debate, and that is, that this Agreement embodies a new scheme of preferences for the British interests: in fact, the Honourable Member who represents the Indian Merchants' Chamber, I think, called it a "limitless chapter of preferences". Now, I have already said that the Fiscal Commission and the Tariff Board took their stand upon the fair selling price principle. Where it is justified on economic grounds differential duties ought to be imposed,



[Mr. F. E. James.]

but not unless they are justified by economic facts. That is not a preference. Differential duties are entirely a different thing from preference. A differential duty is based upon the necessities of the situation; a preference is based upon some extraneous consideration. We believe that differential duties are a reasonable attempt to meet the interests of the consumer by recognising the fact that a uniform rate of duty, while protective in one direction, may be utterly prohibitive in another. The principle of equating prices of imported goods to fair selling prices of similar goods produced in India is the only method, in our view, of securing that the interests both of the consumers and of the industry are safeguarded.

What is the result of this Agreement then? The United Kingdom does not get any preference under this Agreement but differential duties, when the economic facts justify the situation. The United Kingdom under this Agreement does not even get the "favoured nation" clause. India, on the other hand, possessing already preferences in the United Kingdom market on a vast range of her own goods, secures an additional preference for her cotton goods in the non-self-governing parts of the Empire and has been promised that the Colonies will be requested to consider the possibility of extending any additional preferences under the Ottawa Agreement which may be given for similar articles from the United Kingdom. Surely this cannot be said to be an Agreement which contains within it a scheme for limitless preferences when in fact the advantages given to the United Kingdom are given on the basis of differential duties which are based on economic facts.

Then, Sir, it has been said also that the Agreement confers a new right on His Majesty's Government or on the British industrialists which they had not before. I presume the reference is to Article IV of the Agreement relating to the ability of the manufacturers in the United Kingdom to state their case freely to the Tariff Board. Surely, this does not affect the right of India to protect her own industries, which is reaffirmed in Article 1 of the Agreement, or her right to defend her revenue position which is reaffirmed in Article 2. It only makes explicit what has always been implicit, namely, the right of foreign manufacturers, from whatever country they may come, to appear before the Tariff Board and have their evidence examined by that Board. In fact, both Japanese and British industrialists have already appeared before the Tariff Board in connection with certain inquiries. The right of the Government of India on their own account or on a motion of His Majesty's Government to make an inquiry into the protective duty is only given if there are radical changes in the conditions of the industry. Member after Member claimed that as a new right but forgot to mention that it was contingent upon there being radical changes in the condition of the industry which has been protected. Of course if such an inquiry is once granted, then surely under the previous article, the United Kingdom producers and any other producers have a right to make their case before the Tariff Board. But I would emphasize the point that if radical changes in the conditions affecting protected industries do take place, the Government of India has no right to ignore those changes and either must reduce or increase the duty accordingly in order to abide by the principles on which their duty is based. The present position is that His Majesty's Government through the Secretary of State can at any time practically force the Government of India to change. Under the Agreement, however, the Government of India is only compelled

to ask an inquiry. Presumably that inquiry will be made by the Tariff Board. Therefore, as provided in the first part of the Article, any industry concerned in the United Kingdom or any other country may put up its case before the Tariff Board in connection with that inquiry but the Government of India will be bound, not by the wishes of His Majesty's Government but by the findings of the Tariff Board. Surely that is an advance even on the present position.

Now, Sir, my Honourable friend, Mr. Jinnah, on whose maiden speech I would congratulate him, said that the Agreement fetters India's future. I would point out this. It is laid down in the Preamble of the Agreement that it is only operative during the continuance of the Ottawa Agreement. Article XIV of the Ottawa Agreement states that the agreement shall continue in force until a date six months after notice of denunciation has been given by either party. Also in a proviso to the same Article either party can notify and in the event of disagreement carry out a change in the rates of duty or margins of preference on any of the articles covered by the agreement. Is that something cast iron or something flexible? If notice of the termination of the Ottawa Agreement is given, then this supplementary agreement also will be terminated, if that agreement is likewise terminated. The position is that what is called the Ottawa umbrella is put up in order to shelter the members of the Empire from the economic blizzard and this Agreement brings under that umbrella, without any detriment to India's position, those articles which were not included in the Ottawa Agreement but, at any time if India chooses once more to stand in the cold, she can close the umbrella, if she gives the proper notice under the Articles of the Ottawa Agreement. My Honourable friend smiles at that suggestion. (*An Honourable Member*: "He laughs".) But I would repeat to the House that is the fact of the position which Honourable Members cannot get away from, and I would like any Honourable Member who follows me to challenge it. (*Interruption*.) One word in regard to the benefits of the Agreement. The new Agreement does not guarantee any reduction in duty to the United Kingdom. It does not hold out any immediate prospect of increased trade to India. The Agreement is one of principles on the basis of reciprocity. It is not a quota Agreement. Much has been said about good-will in the matter of trade. I find this good-will argument is a very attractive sentiment, but let Honourable Members of the House remember that in trade matters, the only real safeguard of any lasting value is mutual benefit. Where there is benefit, there is usually good-will. My friends smile but obviously they are not acquainted with commercial and business circles, where the more the benefit, the greater the good-will. It is, therefore, on that basis that I use these words very advisedly. It is for British interests to strain every nerve to convince India that good-will is there because the benefits she can offer are substantial. It is for India also to show to Britain that willing partnership in economic matters on the basis of mutual benefits is the best policy and the best safeguard for her interests.

Now, Sir, it has been said that this Agreement is an important departure from previous principles. I agree. It is a very important departure not from India's fiscal principles or from India's fiscal autonomy but from her previous relations on economic matters with His Majesty's Government. First of all in this Agreement, the United Kingdom recognises India's policy of discriminating protection.

**Mr. M. A. Jinnah** (Bombay City: Muhammadan Urban): Was there any doubt about that?

**Mr. F. E. James:** It has never been acknowledged in so many terms in a formal statement. Secondly, the United Kingdom recognises the paramount importance of India's revenue in fixing duties.

(Mr. Aney rose to interrupt.)

I am not going to answer these interruptions. I am reminded of Mr. Gollube's phrase that the best things in life are not those which can be enjoyed, but those which can be endured. I do not enjoy these interruptions, but I have to endure them.

**An Honourable Member:** So are we.

**Mr. F. E. James:** Perhaps my Honourable friend will allow me to finish my speech within the time limit. The United Kingdom recognises the policy of free co-operation between industrialists of both countries. The United Kingdom recognises the status of the Government of India in dealing with fiscal matters. As the Indo-Japanese Agreement was the first agreement of India with a foreign country, so this Agreement marks an advance still further and marks an important stage by recognizing the power of the Government of India to negotiate agreements separately with His Majesty's Government. Now, Sir, I am perfectly aware that, when I am addressing many sections of this House, whatever I say is suspect as coming from one who belongs to the same nationality as those who are suspect in the United Kingdom.

**Mr. M. A. Jinnah:** No.

**Mr. F. E. James:** I am very glad to have my friend, Mr. Jinnah's 'No' to that suggestion. But I want to make a very definite appeal to this House. I am aware that there are causes, probably justifiable causes, for many misunderstandings. I have lately had an opportunity of being in close touch with opinion in the United Kingdom and there is no doubt at all that there is an earnest desire on the part of the United Kingdom to open a new era of economic co-operation with this country. (Laughter.) My Honourable friends laugh at the idea of co-operation; that is strange to them. They have hitherto thrived on co-operation! Sir, this Treaty is offering co-operation, instead of domination, and yet my Honourable friends say they will not have it. Mr. President, the past is full of bitter memories which have tended somewhat to warp our better judgment today. There is, I am perfectly well aware, in many quarters a profound mistrust, both in India and Great Britain; there is also a profound anxiety in many quarters to put that mistrust in the background. Sir, we believe that the rejection of this Agreement will not advance India's cause but will hamper India's friends.

**An Honourable Member:** Political or economic.

**Mr. F. E. James:** We should not vote for the Agreement if we did not feel it was in India's interest. But we do feel, with some knowledge of the position in both countries, that rejection will once more set loose the forces of suspicion and mistrust which have done so much . . . . . (Interruptions.) . . . . . I would ask my Honourable friends to pay me

the same courtesy which we always pay to a Member speaking. May I be allowed to conclude my remarks? (Voices: "Go on.") I have said that we in this Group do feel, with some knowledge of the position on both sides, both in the United Kingdom and in India, that rejection of this Agreement by this House will once more let loose the forces of suspicion and mistrust which have done so much in the past to poison the springs of relationship between the two countries and, in our view, to hamper the achievement of India's desires. (Loud Applause.)

**Seth Govind Das** (Central Provinces Hindi Divisions: Non-Muhammadian): (Applause.) Sir, I rise to support the amendment which has been moved by my Honourable friend, Mr. Sami Vencatachellam Chetty, and to oppose the Resolution which the Honourable the Commerce Member has moved. Sir, Mr. James has just said that it is an economic issue: but when he says that because the Chambers of Commerce which his Group represents in this House are in favour of this Agreement, and because those Chambers are in favour of this Agreement, it means that the commercial opinion in this country is in favour of it, he is absolutely wrong.

**Mr. F. E. James:** I did not say that.

**Seth Govind Das:** You at least said that your Chamber is in favour of this Agreement, that is a fact, and I am proving that because you say so, it does not mean that the commercial opinion generally approves of this Agreement.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member must address the Chair.

**Seth Govind Das:** Because, Sir, his Group and the Chambers which his Group represents are in percentage much less than those Chambers who have opposed this Agreement, and I say it was on account of this that the Government were not courageous enough to take commercial opinion into their confidence when they signed this Agreement. Sir, I am opposing this Agreement both on principle and on the merits of the question. The Honourable the Commerce Member said that the Government had not brought any new principle into existence by signing this Agreement. I admit. At the same time, I want to say that we also are doing nothing new in opposing it, because we all along have been opposed to the principle of Imperial Preference on which this Agreement is based. (Hear, hear.) Government have long been trying and trying in their own way to get this principle of Imperial Preference accepted by this country, and we on this side of the House have always opposed it. To prove this, I shall not go so far as my Honourable friend, Professor Banerjee, went, that is, to the year 1908, but I shall confine my remarks to those periods in which I was a Member of this Legislature. In the year 1927, when the Steel Protection Bill was brought before this House; though that Bill did not contain the principle of Imperial Preference in very clear terms, yet many Members of this House smelt it in that legislation, and what the Honourable Pandit Motilal Nehru said at that time would be useful even today to the elected Members of this House.

**Mr. B. Das** (Orissa Division: Non-Muhammadian): And also to the Government,

**Seth Govind Das:** Mr. B. Das is quite right there.

He said, Sir.

"It may not be Imperial Preference technically under any known definition, but every case where British goods are taxed upon one scale and other goods are taxed upon another and a higher scale, I say, is a case of preference, and that being so, I said when I interrupted my friend, Mr. Jinnah, that although it may not be Imperial Preference now, it was the thin end of the wedge."

The Pandit further said:

"We must guard against the introduction of the principle—it may not answer any technical definition of Imperial Preference; but if the principle is there, the poison is there and we must avoid it."

(Hear, hear).

The Honourable Mr. Bhupendra Nath Mitra, who has just signed this Indo-British Agreement, assured the House on behalf of the Government, that by accepting that Bill we were not to accept the principle of Imperial Preference. But, Sir, even on the assurance of the Honourable Sir Bhupen, the House was not convinced and the late Lala Tajpat Rai, in his eloquent peroration, said to this House thus—and I think that it will also be useful to the Members of this House. He said:

"It may not be Imperial Preference now, it is perhaps not Imperial Preference now. It is a discrimination between countries of origin, but a discrimination of this nature is bound to lead to further discriminations. Where are we going to stop? I may say, Sir, boldly, that the whole history of British activities in India and the whole history of British rule in India is strewn with the dead bodies of the best of intentions and the best of motives. The British did not come into this country to conquer it or to establish their government here. One of their greatest historians has told us that the British Empire in India was built in a fit of absent-mindedness. We are afraid of that absent-mindedness."

Sir, what do we find? We find that the Government were not absent-minded when they wanted to get the principle of Imperial Preference accepted by this House; they were deliberately driven towards it, and this is proved by the fact that, within two years of the Steel Protection Bill, another Bill on Indian textiles was brought in in which a clear preference was given to Lancashire goods. They deliberately brought it at such a time when the Opposition in this House had become weak; the Congress-members had resigned. I know that even if this House had rejected that Bill, His Excellency the Viceroy had power to certify it.

**Mr. H. P. Mody** (Bombay Millowners' Association: Indian Commerce): They resigned last year.

**Seth Govind Das:** No, the Congress Party had resigned before. It was the Nationalists who resigned afterwards I was saying, Sir, that I know that even if that Bill had been rejected by this House, His Excellency the Viceroy had power to certify it. But, then, this Government call themselves a civilised Government and they want to show to the world that they are ruling this country in the interests of this land. Therefore, they always try to hide their naked selfishness as far as possible for them to do so. They wanted the sanction of this House for the principle of Imperial Preference and they deliberately brought it at such a time when the Opposition was weak. But the selfishness is so

great that it cannot remain hidden for all time. It does manifest itself now and then and the world knows it. So, in the end, this Imperial Preference which they had in their mind for a long time, in spite of their repeated denials came to light. No doubt the Assembly came to their rescue, but we know, and the Government also know, the kind of Assembly that it was. The real representatives of the people were not here at that time. (Voices: "Question".)

**Mr. Lalchand Navalrai** (Sind. Non-Muhammudan Rural): Don't say that for all

**Seth Govind Das:** I should say, most of them were not the representatives of the people. (Laughter) Pundit Motilal Nehru called this principle of Imperial Preference a poison. We have seen, Sir, that it is poison, and, therefore, everything which is based on this principle becomes poisonous for this country. Therefore, this Agreement, which is based on this poisonous principle, I oppose, and that is what I said at the beginning, namely, that first of all I wish to oppose it on a principle.

Now, Sir, if we examine the merits of this Agreement, what do we find? It sets at nought the assurances which were given at the time of the Second Round Table Conference, namely, that all the safeguards will be in the interests of India. May I know whether the commercial interests of this country are safeguarded by this Agreement? It has violated the fiscal autonomy principle and that has been proved to the hilt by many Honourable Members on this side of the House. It will not allow Indian consumers to get articles from other countries at a cheaper rate. It is one-sided and that too has been proved by many Honourable Members on this side of the House. While we are bound over to take British goods, they are not bound over to take ours. No doubt a pious wish is expressed in this respect. But we know the value of such pious wishes. They are never made a practical proposition and they always remain on paper as pious wishes. Certain Members of this House would remember the Indo-Japanese Trade Agreement in this connection. But let me point out that that was quite a different thing. In that Agreement British interests were not at stake. The attitude of the Government immediately changes when the question of British interests comes in and not otherwise. Even the attitude of those Indian Members who sit on the other side of the House has changed in this respect. They are also always ready to sacrifice the interest of their motherland when the question of the British interests comes up.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has only two minutes left

**Seth Govind Das:** I will soon conclude my remarks. Then, Sir, another most vicious thing has been introduced in this Agreement and that is to be found in Article 7. Very few Members have stressed this point. According to this, British commercial interests have been given a right to interfere in the matter of tariffs which are purely domestic in this country. Nowhere in the world a foreign country has been given such a right. This is how Article 7 runs.

"His Majesty's Government in the United Kingdom and the Government of India undertake that, in all matters relating to this Agreement, they shall at all times receive and consider any conclusions, agreements or reports which may be framed as the result of conferences between the accredited representatives of industries concerned in the United Kingdom and in India."

**An Honourable Member:** What is the objection to that?

**Seth Govind Das:** The objection to this is that Pacts like the Mody-Lees Pact will be more frequent in the future. I say, therefore, that from every point of view this Agreement is against the interests of this country. It is against the principle of fiscal autonomy; it is against the industrialists as well as the consumers; it is against the growth of trade relations of India with other countries; and it binds down this country to the principle of Imperial Preference for all time to come without any discrimination and without any reciprocity. Therefore, I expect that all the elected Members of this House will vote in favour of the amendment so ably moved by my Honourable friend, Mr. Venkatachalam Chetty and will oppose the Resolution that has been moved by the Honourable Sir Joseph Bhore.

**Sir Ghulam Hussain Hidayatallah** (Sind Jagirdas and Zamindars Landholders): Mr. President, as the question has been discussed at full length, I will not cover the same ground. The Honourable Member in charge has explained the principles underlying this Agreement, and he has told us that no new principles have been introduced. I have been listening to the debate for the last two days, but nobody has clarified or explained the import and implication of clause 3 of Article 3 read with Article 2. Clause 3 reads as follows:

'The differential margins of duty established in accordance with the principles laid down in the preceding clauses of this Article as between United Kingdom goods on the one hand and foreign goods on the other, shall not be altered to the detriment of United Kingdom goods.'

Sir, in order to elicit the opinion of Government, I would like to develop my point by an illustration. Suppose the fair selling price in India of a protected article is Rs. 170, and for the same article of the United Kingdom the fair selling price is Rs. 150, and of foreign countries it is Rs. 130. Then we can levy a protective duty of Rs. 20 on the United Kingdom, which is called differential duty, and Rs. 40 on foreign countries. I will take another example. Suppose the fair selling price of the same article in the United Kingdom, owing to the cost of production being decreased, is reduced to Rs. 140 instead of Rs. 150, then can we in that case raise the duty on the United Kingdom goods from Rs. 20 to Rs. 30?

**The Honourable Sir Joseph Bhore** (Member for Commerce and Railways): Yes, Sir. Most definitely.

**Sir Ghulam Hussain Hidayatallah:** And, at the same time, continue on foreign countries goods Rs. 40?

**The Honourable Sir Joseph Bhore:** Yes, Sir.

**Sir Ghulam Hussain Hidayatallah:** I will take a third example. Suppose, owing to the reduction of the cost of production in the United Kingdom, the fair selling price is Rs. 140 and, owing to certain reasons the fair selling price of foreign countries, instead of Rs. 130, goes up to Rs. 140, can we in that case levy a protective duty of Rs. 30 on United Kingdom goods as well as on foreign countries goods?

**The Honourable Sir Joseph Bhore:** Yes, Sir.

**Sir Ghulam Hussain Hidayatallah:** That is very satisfactory. I will now request the Honourable Member in charge to tell me then what is the import and implication of this clause 3. Why has it been inserted?

**The Honourable Sir Joseph Bore:** I will give my reply when I rise to reply to the debate.

**Sir Ghulam Hussain Hidayatallah:** I come now to Article 4:

"The Government of India further undertake that, in the event of any radical changes in the conditions affecting protected industries, during the currency of the period of protection, they will, on the request of His Majesty's Government or of their own motion, cause an enquiry to be made as to the appropriateness of the existing duty from the point of view of the principle laid down .....".

Is this then not a new right that is being given to His Majesty's Government of demanding an enquiry? (Hear, hear.) Have they ever enjoyed that right before? (Applause.)

**Some Honourable Members:** No answer.

**The Honourable Sir Joseph Bore:** I shall give a very complete reply later on when I reply to the debate.

**Sir Ghulam Hussain Hidayatallah:** I will wait and hear reply of the Honourable the Commerce Member, and I need not tire the patience of this House by repeating the same arguments that have been advanced already by other speakers.

**Mr. H. P. Mody:** Mr. President, it is singularly unfortunate that a matter of this importance should have to be debated in an atmosphere charged with so much suspicion and prejudice. The Indo-British Treaty comes up for consideration before this House at a time when political feeling has been roused all over the country as a result of the character of the constitutional advance which has been envisaged in the Report of the Joint Select Committee, and it would have been very surprising if the Treaty had, in these circumstances, received that fair and dispassionate consideration which is due to what I regard as a document of the utmost importance. Sir, to a certain extent I am bound to say that the Government of India are responsible for the creation of this atmosphere of misunderstanding. (Hear, hear.) If they had taken Indian commercial opinion into their confidence, as so many organisations had asked them to do, I am certain that many of the misunderstandings which have gathered round this Treaty would never have existed. Surely the Government of India might have remembered what happened in the Indo-Japanese negotiations. Supposing Indian opinion had been kept at arm's length, and one fine day the country had been told that Japan had been given a quota of as much as 400 million yards. I am quite certain that there would have been a howl from one end of the country to the other. But, it is because we, Sir, the representatives of commercial and industrial interests, were associated with Government in the course of those negotiations and realised their difficulties and appreciated all those political and international considerations that went to the making of this Agreement, that the Agreement did not evoke that criticism which it might have otherwise evoked. It is a thousand pities that the Government of India should not have appreciated the import of that proceeding, and should have proceeded to conduct negotiations in respect of the Indo-British Treaty without consultation with those industrial and commercial interests which count.



**Mr. S. Satyamurti** (Madras City : Non-Muhammadian Urban): Then vote against them now.

**Mr. H. P. Mody:** That is the last thing I am going to do, and I will give my reasons. I know where the vote of my Honourable friend is going, and we both are equally happy. Now, Sir, this Treaty has got to encounter two types of critics. There are those who frankly are opposed to the idea of any understanding with Great Britain in the commercial sphere. (Hear, hear.)

**Some Honourable Members:** In any sphere.

**Mr. H. P. Mody:** I am glad that my Honourable friends approve of my sentiments. Their position is that so long as India's political demands are not satisfied, they refuse to have anything to do with either Great Britain or with any British interests.

**Some Honourable Members:** Quite so.

**Mr. President** (The Honourable Sir Abdul Rahim): The Chair would like the Honourable Member to be allowed to proceed without these interruptions.

**Mr. H. P. Mody:** Sir, I profoundly disagree with that stand-point, but it is understandable to me and I respect it. But, Sir, there is another type of critic and that is the individual or the organisation who examines the provisions of this Agreement and comes to the conclusion that it sacrifices the vital interests of India, and it is with that type of critic that I am going to join immediate issue. Sir, let the critics of this Treaty point out to the satisfaction of any impartial tribunal in what respect it violates either the Indian Fiscal Autonomy Convention. . .

**Some Honourable Members:** In every respect.

**Mr. H. P. Mody:** . . . or impairs the policy of discriminating protection which has held for so many years. It is no use waking us up at unearthly hours in order to receive circular telegrams consisting of one text and fifty paraphrases. There are hard economic facts which have to be dealt with on economic grounds, and I hope to prove—and I shall be as brief as possible—that in none of the provisions of the Treaty is there any violation of either the Fiscal Autonomy Convention or any impairment of the policy of discriminating protection. Well, Sir, what are the corner-stones? (Interruption.) I would just like to say to my Honourable friends that I am never afraid of interruptions, but time is limited, and if they interrupt me, it will engender heat without emitting any light. Sir, what are the corner-stones of India's fiscal policy? Protective duties designed for the purpose of helping the growth and development of certain industries, revenue duties designed for the purpose of meeting the budgetary requirements of the Government of India. And, lastly, Sir, in the last two or three years another principle has crept in, and that is that industries which have not established their claim to protection but which are affected by competition from abroad, no matter what the reason may be, can be protected under the scheme of the Safeguarding Act. These ~~are~~ <sup>are</sup> the corner-stones of India's fiscal and economic policy, and I submit with confidence, Sir, that none of these has been touched in the Treaty

I will briefly go over the features which have been objected to by my Honourable friends. The first objection that has been taken is that this Treaty, for the first time, admits that the quantum of protection which is to be given to any industry will be the margin between the fair selling price and the import price of the foreign article. Now, Sir, it may be that neither in the report of the Fiscal Commission nor in any other pronouncement has it been definitely and precisely laid down that industries shall not receive more than this margin. But, I submit that, without any such pronouncement, the practice all along, in all these years, since the policy of discriminating protection has been introduced in the country, has been to give the industry as much and no more than the amount by which it wants to equate its prices with the price of the imported article. The Fiscal Commission laid great stress upon the question of the burden on the consumer. I have fought the battles of various industries in this House and outside for a number of years, and I do not know how many times this question of the burden on the consumer has been brought up against me. Even when industries were asking for something less than the opportunity to realise their fair selling price, I have known Member after Member get up in this House and say that they would rather that industries suffered than that the burden on the consumer was increased. And, Sir, we should be, as a matter of practical politics, the last people now to say, "No, why should we be tied down to this quantum of protection only, namely, the margin? Why should we not have the liberty whenever we like of giving an undue protection to industries?"

**Mr. M. S. Aney** (Berar Representative): Not undue but adequate.

**Mr. H. P. Mody**: Adequate protection is implicit in the policy of discriminating protection; adequate protection is implicit in the terms of this Treaty. It is of undue protection we are thinking when we say that our hands are tied down by this provision.

**Mr. M. S. Aney**: No.

**An Honourable Member**: Are you sure?

**Mr. H. P. Mody**: Absolutely. Sir, it is quite true that we shall not be allowed, at least during the term of this Treaty, to give excessive protection to industries. But no industrialist, no nationalist, no economist, has ever ventured to ask either in this House or anywhere else that industries should be protected unduly with consequent detriment to other interests.

**An Honourable Member**: What do you mean by undue protection?

**Mr. H. P. Mody**: My Honourable friend wants to know what I mean by undue protection. By undue protection I mean that the industry is not only enabled to realise its fair selling price, which includes all costs of manufacture after taking into account the handicaps from which it may be suffering, a reasonable amount for depreciation and a very fair allowance for profits, but something in addition.

**Prof. N. G. Ranga** (Guntur *cum* Nellore; Non-Muhammadan Rural): Have Government accepted that?

**Mr. H. P. Mody:** They have; and if we ask for something even more than the fair selling price, Government and the Legislature are certainly not going to give it. I should have been only too happy in the past if friends had got up here or outside and said, 'Ok, take something more for luck!'

Then, Sir, the next feature that has been objected to is the question of differential duties. My Honourable friend, who last spoke, seemed to completely mix up differential with preferential duties. What are differential duties? Differential duties are implicit in the policy of discriminating protection. That policy lays down that consistently with the interests of the industry the burden on the consumer should not be heavier than is strictly necessary; and if one foreign country sells an article at a particular figure and another country sells it at a much higher figure, it would be absurd to have the same level of duties against both, because that will be unnecessarily hitting the consumer without benefiting in the least little degree the producer. That, Sir, is the vital difference between differential and preferential duties, and I am surprised that there should be any misunderstanding about it.

Now, what does Article 3 (2) say about it? —

'The Government of India further undertake that the measure of protection to be afforded shall be only so much as, and no more than, will equate prices of imported goods to fair selling prices for similar goods produced in India, and that, wherever possible, having regard to the provisions of this Article lower rates of duty will be imposed on goods of United Kingdom origin.'

Now, every single Article has got to be read in conjunction with the fundamental conclusion that the Government of India's undoubted right to protect industries to the full measure that is required, their undoubted right to impose revenue duties and over-riding revenue duties, and their undoubted right to impose safeguarding duties shall not be challenged by anything that is said either in this Article or anywhere else, even though it may be that the words used may create a little misconception, and it may be thought that in all cases there shall be lower rates of duty on United Kingdom products as against foreign products. I do not read it in that light at all, and I shall ask my Honourable friend, the Commerce Member, in his reply to make it perfectly clear that this Article is no bar to our imposing adequate rates of duty against United Kingdom products and, in suitable cases, the same level of duties as might exist against foreign products.

**Seth Govind Das:** That is your interpretation.

**Mr. H. P. Mody:** It is my interpretation, it will be the Government's interpretation. (Laughter from the Opposition Benches.) It cannot be otherwise.

Now, this system of differential duties has been shouted against as if it was something original, something which never existed. Times without number in this House differential duties have been accepted in the interests of the consumer. It is not the first time that we are giving expression to the principle. Differential duties have always existed; and, in this connection, let me point out something from a much abused document, the ~~Anglo-Lancashire~~ <sup>Anglo-Lancashire</sup> Pact to which I was a signatory. While the Pact was ~~discussed~~ <sup>discussed</sup> in certain quarters—and if I had the time to compare the

telegrams which have now poured in with the telegrams which poured in at the time of the Indo-Lancashire Agreement, probably the phraseology would also be found to be the same. . . .

**Mr. S. Satyamurti:** The agreements were the same!

**Mr. H. P. Mody:** Yes, but some ingenuity might well have been exercised and the language might have been altered. What I was going to point out was that while the Agreement was denounced on the supposition that it made an immediate present of five per cent to British industries and thereby sacrificed the interests of India, and the centre of attack was upon that point, there was agreement between me and those of my colleagues who were associated with me, and who disowned me at a later stage upon this particular point. Those colleagues are respected leaders of Indian nationalist opinion. This is what the so-called Mody-Loes Pact says:

"It was also agreed that under present conditions owing to lower costs and other factors operating in foreign countries, the industry required a higher level of protection against them than against the United Kingdom."

This doctrine has been subscribed to, as I have said, by those who are the leaders of the various commercial organisations, which are now protesting against this Treaty. So, I say, there is nothing new in the system of differential duties, and there is nothing objectionable in that system. To cite a recent instance. With the blessings of everybody the Government of India, in 1932, raised the duties on foreign textiles from 50 to 75 per cent, what time the duty on British products remained at 25 per cent: in other words, the country swallowed, without a lump in the throat, a differentiation of as much as 50 per cent., because the country felt, and rightly felt, that it was in the national interests that Japanese imports should be checked.

Another little point which has been objected to is the right of hearing. There again I agree that it is not laid down anywhere that non-Indian interests shall necessarily have the right of hearing. Something like it was decided upon at Ottawa. But let us take a practical view of the situation. I know from my own personal knowledge—and I have appeared before a few Tariff Boards and commissions—that not only British but Japanese interests have appeared before the Tariff Board, time and again, to represent their view-points . . . .

**An Honourable Member:** Not as a matter of right!

**Mr. H. P. Mody:** What does it matter? We are dealing with facts. Whether it is a matter of right or not, we have admitted it, and you have never challenged the practice. What is the use of saying "Not as a matter of right", as if the right was something sacred which cannot be touched? The point is, what is the practice?

The other and the more important provision is that at the instance of the British Government the Government of India will cause an inquiry to be made. There again I admit that it is a right newly conceded; but again it is not a right which has been newly put into practice. It is notorious that when the Government of India considers any fiscal measures, or even during the currency of a measure of protection, time and again representations have been received not only from the British Government,

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and the Japanese Government, but from the Dutch, the Italian and every other Government affected by the particular measure proposed. If you talk of the rights, I have no answer; but if you talk of what the existing practice is . . . (interruption.)

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member must address the Chair; he need not mind the interruptions.

**Mr. H. P. Mody:** I am sorry, but my friends show so much affection for me that they keep on inviting me to address them. Addressing the Chair, I would say that time and again representations have been made, not perhaps as a matter of right, but as a matter of practice, and we are doing nothing more than embody the practice. Here I would make a suggestion to the Government of India. I have always taken up the position that when any Indian industry's interests are threatened by a lowering of the prices of imports, the Government of India need not cause a Tariff Board inquiry to be made; but they might make such departmental or other inquiries as they think necessary and give the industry the needful protection. There, delay would mean a vital threat to Indian interests. But in the cases covered by this Article, where the British Government are not likely to make any representations to the Government of India except for the purpose of reducing duties, Indian interests are not immediately threatened; and my suggestion to my Honourable friend, the Commerce Member would be that in all these cases he should cause a Tariff Board inquiry to be made. Let Government not forget that whatever their action may be, by whatever motives they may be guided, they will always be suspect in the eyes of the public, and therefore, in order to place themselves above suspicion, they should order a Tariff Board inquiry in all matters in which they receive a representation from British interests with regard to reduction of duties, as is contemplated in this Article.

Another provision is that differential margins once established shall not be disturbed to the detriment of British interests. There again it is saying nothing more than what is implied in the idea of discriminating protection. British interests cannot come forward and say "You have got to maintain a particular differential duty in respect of this Article or that". They cannot be heard to say that so long as we keep the principle of equation of prices, and so long as the policy of discriminating protection is adhered to I can envisage a time when it may be necessary not only to reduce the margin but even to do away with it altogether if conditions change.

Sir, I will not take up much more time: I shall dwell briefly with the object of the Treaty. In my opinion, it mainly seeks to define existing relations. It ensures that for the duration of the Treaty at any rate the *status quo* will be observed. Remember, in this connection, that this Treaty has got a limited duration. It expires with the Ottawa Agreement. The moment the Legislature decides that the Ottawa Agreement is not in the interests of India and the Government of India thereupon give notice of denunciation, the Treaty at the end of that period will also go; and, therefore, even if it was the fact that some material concessions were made, which I dispute, do not forget that they are for the period of the Treaty, and it is a strictly limited period. And what is the extent of the

concessions? It may be that they are not to be found in documents of state, but they do not go beyond the practice which has been established, except in regard to the matters to which I have referred.

Let us take the case on the other side. My Honourable friend, Mr. Nauman, said yesterday, that there were no reciprocal advantages, and he tried to show that the Ottawa Agreement had induced retaliation in foreign countries. But he has not shown that by figures. Do not say that there are no reciprocal advantages . . . .

**Mr. Muhammad Nauman** (Punjab and Chota Nagpur *cum* Orissa Muhammadan): Every day the volume of international trade is being reduced and there is a feeling in every foreign country that there should be retaliation in some way or other. Australia is resorting to bulk handling of goods and forsaking our corn sacks as much as possible. America is doing the same . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member cannot have another argument.

**Mr. H. P. Mody**: My Honourable friend seems to think that India regulates the financial world . . . .

**Pandit Govind Ballabh Pant** (Rohilkhand and Kumaon Divisions: Non-Muhammadan Rural): Mr. Mody does it.

**Mr. H. P. Mody**: No, but I would like to. What I was going to say was that if international trade is shrinking, it has not shrunk because of any action of India. It has shrunk because of the action of countries like the United States, of America and Germany where currencies have changed, economic systems have been uprooted and tariff walls have been raised to unscaleable heights. It is on such account that international trade has shrunk. Members are talking as if there was no reciprocal advantage to be found in the Treaty. To digress for a moment, the Indo-Lancashire Agreement, which was denounced, contained a provision with regard to the increasing use of Indian cotton. What has happened since? The five per cent. possible advantage to Great Britain, which was so much criticized, has not materialised: nor do I think, knowing what we do of the financial position of India, that it can materialise this year: that is to say, it cannot materialise during the currency of the Indo-Lancashire Agreement. On the other hand, Indian cotton has been used to a much larger extent than was ever done before, and inside of one year the quantity taken by Great Britain has more than doubled. Surely, Sir . . . .

**Mr. B. Das**: What is the quantity?

**Mr. H. P. Mody**: Well, it is nearly 350,000 bales, and, I think, within a measurable distance of time, it will go up to half a million bales. If you think that half a million bales are not of much moment to the Indian cultivator, you might say so. Now, Sir, . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member's time is up.

**Mr. H. P. Mody:** I would request you to give me a little more time, because I have taken a keen interest in these matters, and I feel I should have a little indulgence from the Chair.

Now, Sir, the whole trouble has arisen firstly, because of the atmosphere in which this Treaty has been signed, and secondly, because of the record of the United Kingdom in the past. ("Hear, hear" from the Opposition Benches.) The United Kingdom did not hesitate in the past to use its political dominance for the purpose of securing economic advantages in this country. ("Hear, hear" from the Opposition Benches.)

**An Honourable Member:** Has it changed its policy now?

**Mr. H. P. Mody:** That is the miserable past, but that past has definitely changed.

**An Honourable Member:** No, no.

**Mr. H. P. Mody:** Today the United Kingdom does not seek to use the bludgeon which it employed in the past.

**An Honourable Member:** They still use it.

**Mr. H. P. Mody:** Today it comes to us, it makes overtures, it seeks the hand of friendship. Sir, in 1930, for the first time, the British Government made a representation to the Government of India, and asked them begged them, not to impose against their imports the same duty which was being imposed against foreign countries, and the Government of India said in reply:

"As regards the second point in the Cabinet representation, the danger to British interests, we recognise that the possible decline in the consumption of Lancashire goods may be a serious matter, but we are clearly bound to put India's interests first."

And the Cabinet—my friend, Mr. Jinnah, knows at first hand all that transpired in those days, (Laughter from the Opposition Benches),—sent a telegram to the Viceroy on the 19th February, 1930, and said:

"The Cabinet has received your telegram and recognising position of India under Tariff Autonomy convention is precluded from offering any further comments on your proposals."

Sir, I refuse to believe that the Government of India, which stood up for Indian rights in 1930, would sacrifice them in 1935. And, Sir, I refuse to believe still more that the chief negotiator on the Indian side, my friend, Sir Joseph Bore, would ever be a party to the surrender of Indian interests. (Applause from all sides of the House.)

**An Honourable Member:** But has he not done it?

**Mr. H. P. Mody:** My Honourable friend may think as he likes. I do not care. I have watched, as some of my friends have watched, at close range, the work which my friend, Sir Joseph Bore, has put in as the first Indian Commerce Member, and I say, Sir, the record which he will leave behind will be one of which any Indian may be proud. Do not forget, Sir, for a moment that this Agreement does not embody all that was asked on the other side. Everyone knows that the Die-hard section in England

pinned their faith to an immediate reduction of duties. To them only a reduction of duties mattered; the Government of India resisted all those demands, and all that they have done is to give embodiment to certain principles which have been recognized in practice in this country.

Sir, the same organizations that have sent us telegrams at dead of night poured their blessings upon the Indo-Japanese Agreement. When it comes to a question of Great Britain's taking of India's raw products, they say that Great Britain is bound to take them because she cannot get them elsewhere. Well, if that were a valid argument, which it certainly is not, then why was it not employed in the case of Japan? Japan was buying very large quantities of Indian cotton at a time when she was not sending any cloth to this country, and yet the threat of the Japanese industrialists that they would boycott Indian cotton was seriously taken, and India had to submit to a quota of four hundred million yards, with disastrous results to the national industry. Those friends who poured their blessings upon the Indo-Japanese Agreement, in which the vital interests of India were, in my opinion, sacrificed to a certain extent, cannot oppose this Treaty which merely embodies the present practice and clarifies the relations between the two countries.

One word more, and I have done. The political system of Soviet Russia was abhorrent to the civilised world, and yet it did not stop the United Kingdom and other countries from seeking an economic agreement with Russia, because economics are hard realities, and the world must come closer and closer together economically before there can be any political appeasement. I beg of my friends not to reject these overtures, not to throw away this Agreement, but to realise its vast implications to the interests of both countries. (Applause.)

**Mr. M. A. Jinnah:** Sir, in the first place, I wish to make it quite clear that we must not drag in personalities of Members of Government. (Hear, hear.) I have the greatest regard and respect for Sir Joseph Bore, and I shall be the last person to suggest, even remotely, that he has not done his best, situated as he is. Honourable Members must not forget that it is not Sir Joseph Bore who has signed this Agreement, but it is the Government of India,—and we are concerned with this Agreement from that point of view,—it is the Government of India who have signed Agreement, and the question is, whether we are prepared to ratify it. That is the position before the House. Therefore, I hope there will be no kind of suggestion that Sir Joseph Bore has not done his best. I have no doubt that he has done his best.

The second point I wish to make clear is this. I rather feel some difficulty, because the Honourable Member who is sitting to my left is a member of my Party, and I have equal respect and regard for him,—and I can go even a little further and say that he is a personal friend of mine, but with all that regard and respect and friendship, I am not bound to agree with him if I think that he is in the wrong. I was very anxious indeed to follow him, and I followed Sir Joseph Bore, Mr. Mody and also Mr. James. and, I think, if I take these three speakers, they pretty well represent the Government case in support of this Agreement. It has a history behind it, but I do not want to go into the details. I think this House will agree with me that the British policy and practice started with this—I won't go into those



[Mr. M. A. Jinnah.]

off-repeated instances of history,—but I think it started with this that Lancashire and Manchester cloth was supported in this country at the utter sacrifice of those industries that existed here at that time. (“Hear hear” from the Opposition Benches.) Gradually the British Government realised that that was manifestly unjust, but they deviated from that policy to this extent that instead of heavy duties being imposed and maintained on the goods of this country in order to give an unfair advantage to British goods, they adopted the policy of imposing excise duties, and we all know the history of excise duties. Sir, when I was a student in London, I got a shock when the Secretary of State that time,—it was forty years ago—went and made a speech to his constituency, and said—he said to his constituency that it would be manifestly unjust to impose excise duties on nascent, infant industries of India. Within three weeks or four weeks of that, standing on the floor of the House of Commons as the Secretary of State, he supported the Resolution putting the excise duty. At that time I was a student and I really could not understand this mystery. But, afterwards, I have been able to understand the mystery a little better, and I understand, now, and I understood some time ago that, if he had not adopted that attitude, his Government would have been defeated by the solid vote of Manchester and Lancashire, and he had to do it. That excise duty has been characterised by every fair-minded man. It was historically wrong, it was politically wrong, it was morally wrong. It was every way wrong, but it was maintained until only a few years ago, when it was removed under the pressure of the Opposition, helpless as we are. Therefore, we now come to this position, that the Government of India are, after all,—they cannot forget, and they are in fact,—a subordinate Government, and the policy of the Government of India has been a policy of a subordinate entity, not an equal entity. The Government of India in those conditions have to occupy the role of a subordinate party. Now, what do we find? After a great deal of agitation in the country, we adopted a policy of protection. A policy of protection was adopted in 1923 by a Resolution of this House. What is that policy? In one sentence—Honourable Members talk about this word, discriminating, discriminating, discriminating, but what does it mean? It does not mean that discrimination applies to the various foreign countries, that we have to discriminate in favour of one foreign country more than in the case of another. No. Discrimination means this, that we should not put an undue burden on the consumers of this country. To that proposition, Sir, I fully subscribe, and I shall be the last person to adopt any measure merely for the purpose of giving protection to my Honourable friend, Mr. Medy’s industry, and put an undue burden on my people. After all, his industry is only one particular part of this great country. I am willing to help him, but not at the extraordinary expense of the consumer. That proposition I accept. But there—Mr. James said to me or told the House, “what a great advantage you have got. His Majesty’s Government have recognised that.” But where was the doubt? If His Majesty’s Government do not understand and if the world does not understand that that has been our policy, why am I going out of my way to explain to His Majesty’s Government by a solemn Agreement signed and sealed by two Governments? It is clear. Very well. Then, my Honourable friend on the Government Benches, Mr. Dey, was at great pains to convince this House that the Fiscal Autonomy Convention is also by this Agreement saved and preserved. But what is that Fiscal Autonomy Convention, may I know? I know he read

from the report of the Joint Parliamentary Committee. How is it saved by this document? The Fiscal Autonomy Convention—how do you save it by this document? It is not saved; it is not destroyed; it is there. But, Sir, it is like the will-o'-the-wisp, and we have had experience of that for some time.

**Mr. H. Dow** (Government of India Nominated Official): I am afraid the Honourable Member is rather misrepresenting me. I did not make the statement that he has attributed to me. What I said was that the Fiscal Autonomy Convention was in no way threatened by this Agreement.

**Mr. M. A. Jinnah**: And what follows from that? The only implication of that statement in a speech is that it has been strengthened or supported or confirmed, otherwise there is no . . .

**Mr. H. Dow**: There is no such implication.

**Mr. M. A. Jinnah**: If it is not threatened, then it is outside the Agreement, nothing to do with the Agreement. Why labour that point? I will accept, Sir, that Fiscal Autonomy Convention has nothing whatever to do with this Agreement. I accept that. But, then, how do you justify this Agreement? I certainly followed the Honourable the Commerce Member. He said, well, the first is only a preamble and it merely says that it is a Supplementary Agreement to the Ottawa Agreement. It may be, some Honourable Members may agree with the Ottawa Agreement. Some may not agree with it, and, after all, it still remains to be seen that the Ottawa Agreement is really beneficial to Indian interests. I am not prepared, speaking for myself, by accepting this preamble which characterises this Agreement as a supplementary agreement, to consent to the Ottawa Agreement, because, if I say I accept the Supplementary Agreement, I am subscribing to the terms and conditions of the main Agreement, and I cannot possibly give my consent to that preamble.

Now, let us take the operative part of the Agreement. The Honourable Member said, "We are doing nothing. Every thing really was clear, but we only wanted to crystallise what already was thoroughly crystal clear, as to what is our policy and practice". I have never yet known two parties, entering into a solemn agreement and laying down terms and conditions, to make clear a thing which was as clear as crystal before. If Government wanted to do that and if there were some very, very unreasonable person who refused to see what was clear as daylight, and if they really wanted to go out of their way to satisfy that unreasonable person, they could have declared it by a communique and said that "Lancashire and Manchester people are so unreasonable that they do not see what is clear as daylight, and, in order to satisfy them, we issue a communique and make our position clear as crystal". But what is the use of this solemn Agreement, that two Governments, two mighty Governments of the world, sit together and reduce their talks to articles and sign them? Therefore, I refuse to believe that my Government is so very incapable as to merely sign this Agreement for that purpose. Therefore, Sir, this Agreement must mean something. Otherwise, there is no meaning in this Agreement. Then, why fight? Why quarrel? It means nothing. Withdraw it. (Laughter.) Then, what does it mean? The Honourable Member has not explained to me yet

[Mr. M. A. Jinnah.]  
 what it means, but Mr. Mody tried to explain to me what it means. I welcome that. Let us forget this Agreement. Mr. Mody says this, that, in giving protection to our industries, we have got to examine the selling prices. I agree with that. That is the test of this Agreement. The test is that if we consent to it now, we shall be tied down by this Agreement in future: the only test, the only factor, that you can possibly take into your consideration is the selling price and no other factor and no other consideration. Am I right? I should be glad to be corrected?

**The Honourable Sir Joseph Bhore:** Fair selling price includes a number of considerations.

**Mr. M. A. Jinnah:** I know that. It undoubtedly includes a number of considerations, but, ultimately, having taken that into consideration, the conclusion is, say, selling price 170 of Indian goods, British goods 165 and foreign goods 150, and the marginal difference will be on that footing. That is correct. Very well. Now, I want to ask the Government and the experts of the Government—the economists—is that the only test?

**An Honourable Member:** Test of what?

**Mr. M. A. Jinnah:** Test of giving adequate protection to the Indian industry. Is that the only test? (Voices: "No.") You are confining yourself to that test and no other test. I challenge Government to refute that. You are binding India to that and nothing else. That is not our policy. Now, the Honourable Member may ask—have we not done that? Yes, we have and we shall do it again if and when necessary in a particular case. But here you lay it down that this will be applicable to all cases and it will not be open to us to apply any other test or take any other factor into consideration. I refuse to be tied down to that. I give you an instance. I know some of my Honourable friends have still not appreciated the position that we took up with regard to the Steel Bill. In that particular case, we were convinced—some of us—not that we were laying down a universal rule or test for all times to be applied to every single case that ever came before us. In that particular case, on the merits, we felt that we must take a particular course of action. I don't have a grudge against the British. I bear no malice to anybody. Even Mr. James said very rightly that India's interests are to be considered first. After we have taken care of our own interest, we are willing in a friendly way to give and take. What did we do in the Steel Bill? After weeks of examination and cross-examination of various parties, I was convinced that if I were to put the same duty on the British steel, I shall be imposing an undue burden and an unfair burden on the consumer and that is why I supported that measure. I am not going to be confined to that one test, the selling price, and, if in any other case, that comes before this Legislature, I am satisfied that I should follow that precedent, I shall have no hesitation in doing so. Here you are tying me down, that this will be your guiding star, viz., "Selling Price." I refuse to follow that star. The Honourable Member said that we must not mix up politics with economics. Surely, I think Sir Joseph Bhore is living far away from the world of economics when he says that. It may have been a century ago, but today it is all economics and no politics. That is the central pivot over which Europe is revolving, and you say to me that I should not mix up politics with this Agreement. I refuse to follow that. Your economics are the foundations of your politics. If you have no economics, you have

no politics, because you have not enough to eat to talk about politics. What is happening in the world today? I am compelled to give that marginal duty to Great Britain as against any other foreign country. With this halter round my neck, I go to Germany, to Italy and to France. They will say to me "Look at what you are doing. We produce goods very nearly as good or better than the British, and yet you are giving the British the advantage. You are putting less duty on them and more duty on us." I want Germany to take something from my country. England is not the only country which is taking everything from India. Is Canada, is Australia, bound by this one guiding star which you are presenting to me? Therefore, this Agreement is full of meaning, and it is a new departure which I am not prepared to subscribe to. It is said, and my Honourable friend, Mr. Mody, said—of course he is a business man, and I am not a business man, I am an unfortunate lawyer, and in law my Honourable friend did not find a place. (Laughter.)

**Mr. F. E. James:** The Honourable Member thrives on the business man. (Laughter.)

**Mr. M. A. Jinnah:** Sir, so long as there are fools in this world, the lawyers will thrive. (Laughter.) Now, Sir, is this to be lightly treated, is this clause to be lightly treated? I can understand our Tariff Board having unfettered discretion to hear any interest, anybody, as they like and when they like. I can understand that. For instance, tomorrow, supposing there is some question which crops up before the Home Member. Somebody has got a grievance as he has made some order or is about to make some order. Can I tell the Home Member that this gentleman is coming to you with his solicitor and his counsel and he wants you to hear them and wants to cross-examine those witnesses before you, before you make any order and you must give him and his legal adviser a hearing? What will the Home Member say to me? He may, it is open to him, or he may not. Now, why is that so? Is it based on some principle? Has it got any justification or not? Otherwise, anybody will appear before him, anybody will go there and fight his case before him as a matter of right. Now, the only place that I know of, where a man has got some right and is entitled to be heard, either in person or through his representative, is a Court of law. I have never heard before of such a suggestion that your Tariff Board is *bound* to hear any one as a matter of right. That is a big and peculiar principle that you are introducing, and unless there is some clear justification, I refuse to subscribe to that principle. Is His Majesty's Government prepared to give me the same right that India should, as a matter of right, present her case to their authorities who determine tariffs, when it affects our interests? Is it in the Agreement? And why not? If His Majesty's Government, if Great Britain, and their industries are entitled, as a matter of right, to appear before our Tariff Board, what have we got in return? Have we got in return that India also can appear as a matter of right before whoever is the authority which determines tariffs if our interests are affected? Have you got that? No, no, you have not got that under this Agreement.

**An Honourable Member:** There is no such reciprocity.

**The Honourable Sir James Grigg:** What duties are there in Great Britain against Indian products?

**Mr. A. J. Raisman:** That is the point. There are no protective duties.

**Mr. M. A. Jinnah:** There are—I beg your pardon—you only show your ignorance when you say there is no such thing. There are many things that India imports into England and other countries also.

**The Honourable Sir James Grigg:** There are no protective duties.

**Mr. M. A. Jinnah:** What about tea? What is the good of your talking? Therefore, Sir, I cannot subscribe to it now. Then, there is the next point. What do we get—and this is, to my mind, a monstrous term in the last part of clause 4 where our Government are not to be trusted if there occur changed conditions. It says here:

"The Government of India further undertake that, in the event of any radical changes in the conditions affecting protected industries during the currency of the period of protection, they will—*that is, this Government will*—on the request of His Majesty's Government or of their own motion, cause an enquiry to be made as to the appropriateness of the existing duties from the point of view of the principles laid down in Article 3—*mark, the principles laid down in Article 3, and what are they?* "Equating prices to fair selling prices"—(*An Honourable Member:* "and not disturbing that equation") and not disturbing that equation—and that, in the course of such enquiry, full consideration will be given (*Hear, hear*) to any representations which may be put forward by any interested industry in the United Kingdom."

Sir, I do not wish to take up the time of the House any more, but I have—believe me, and I hope this House will believe me—I have not approached this question—and I hope even my friend, Mr. Mody, will not put me in the category of those who say that we refuse to come to any kind of fair and reasonable arrangement between Great Britain and India until our political demands are conceded. That is an issue which we have to fight. I am not going to wait until we have settled that issue. Pending the settlement of that issue, I am quite prepared for exchange of goodwill as far as possible—because we cannot wait until that question is settled. Things are moving, events are moving, and, therefore, I am not going to tie myself down to the proposition that I am not going to come to any agreement, that I refuse to make any adjustment until you have conceded my political demands. I do not put forward that proposition. Pending that even, I am willing,—but, Sir, any agreement, any adjustment, must be fair, must be just, and, above all, must be entered into, mark, as being inspired by a proper policy and a proper spirit, and, in fact, by a Government which proceeds, not in a spirit as a subordinate Government, but as an equal Government with Great Britain. (*Loud and Prolonged Applause.*)

**Pandit Govind Ballabh Pant:** Sir, if I heard the Honourable the Commerce Member clearly yesterday, he asked the House to examine this matter in the light of cold logic, free from passion or prejudice. I think I am repeating his words correctly. He wishes us to handle the subject in the manner the surgeons dissect a dead body on the operating table. I am prepared to meet his wishes. Sir, I may as well tell him at the outset that I have no desire to import any prejudice myself, nor do I consider it incompatible with the pursuit of the ideal of independence to consider any suggestions for trade arrangements on their merits. In fact, the intrepid champion of Irish Independence, Mr. De Valera, had only recently entered into a Treaty with Great Britain relating to coal and cattle. On the other hand, there is enough of trouble at present in Australia and Canada on account of the Ottawa Agreement. So there is no question of political opinions necessarily involved. The question can be easily decided on its merits.

First of all, I do hold that it is the duty of the Honourable the Commerce Member as well as of the Government of India to 1 P.M. be guided in these matters, in spite of what Mr. Mody may say, by the opinion of the commercial associations in this country. I have here before me a bundle of representations and telegrams from prominent commercial organisations in this country. They begin with the Federation of the Indian Chambers of Commerce and Industry and include many Chambers of Commerce, such as from Berar, Baroda, Bengal, Cawnpore and other principal commercial centres in this country. It is obviously improper that the Government should deal with these questions without consulting commercial opinion. Sir, if I remember aright, the Honourable the Commerce Member said in reply to this charge that they were aware of the views of these commercial bodies, and, therefore, it was not necessary to consult them. Should I infer from this remark that the Government fully knew then that all the Indian Trading and Commercial interests in this country were dead opposed to this Agreement? Was it because of this knowledge that they precipitated this arrangement although many other issues of greater moment, which have a bearing on this question, are still undecided? Was it fair and proper? Sir, on the other hand, if the Honourable the Commerce Member, who claims to have been familiar with the commercial opinion in India, was labouring under a mistake then, will he now revise his attitude in the light of the unanimous condemnation of the Agreement by all shades of Indian opinion and move for its withdrawal? I pause for a reply and I should very much like to be enlightened on this point in either case. There are one or two other matters on which too I would like to be enlightened by the Honourable the Commerce Member. The President of the Federated Chambers of Commerce wired and submitted a representation to the Government of India for an interview in connection with this matter on or about the 15th December and followed it up with other representations. The Government did not grant them an interview; they did not give them any opportunity of appearing before them. About the same time, what was the Government in England doing? The Honourable Mr. Sturton inquired from the Right Honourable Runciman on, I think, the 19th December, as to whether he was going to consult the opinion of the commercial bodies in Lancashire. Mr. Runciman replied that he was in close touch with the representatives of Lancashire with whom he had a conference only that morning. I am quoting his language. Thus, the Government in England were constantly in touch with the commercial interests there. Now, if we look at the Agreement itself, you will find the commercial interests repeatedly mentioned in this Agreement so far as Great Britain is concerned. For example, in Article 4 you will find that the Government was to be influenced by the commercial interests in the United Kingdom. In Article 5, again, you will find that the Government were to make certain efforts in co-operation with commercial interests there. Again, you will find further on that commercial interests were to inspire and to influence and probably determine the attitude of the Government in England. As compared with that, what was the attitude of this Government? Look at the text of the Agreement. The Government of India thereby guarantee and ensure a permanent and free right of approach and representation to foreign commercial interests. But to the accredited representatives of indigenous commercial interests in spite of their repeated appeals, they would not grant audience or hearing. This is not all. The lamentable contrast does not end there. Another event happened about the same time. His Excellency the Viceroy opened the annual meeting



within the steel mould for ever, though the head remained free to move as it liked. There are agreements in our country between the emaciated limbs and the heads of certain roving hermits and ascetics. There are agreements in this country between a certain class of keepers of cows in places like Calcutta who despatched the calves immediately they are born to heaven to save them from the trials and tribulations of this world and in return enjoy the benefit of all the milk that they can get out of the cow. This is an illustration of the agreement between the cow and its keeper. I wonder, however, what say the cow in the case of the *gowala*, or the feet in the case of the Chinese little infant, or the emaciated limb in the case of the roving hermit had in determining their respective agreements. Similar is this Trade Agreement. Sir, in this sense, I am willing to call this arrangement an agreement just as I call this administration the Government of India, but in reality both are euphemisms and impositions.

Now, Sir, I will very briefly comment on the text and implications of this Agreement. My Honourable friend, Mr. Mody, has covered all the ground from Soviet Russia to the shores of Bombay and right on to Delhi which has to her credit the rise and fall of many an Empire. I do not care to go with him wandering over all these lands. But I would ask him one or two questions. Does not this Agreement purport to make Imperial or British Preference an integral part of the fiscal policy of this country and to enlarge its scope? Well, my Honourable friend, Sir Joseph Bore, shakes his head. I can only tell him that others may interpret it differently and he is to go out of office after a few months. In fact, there has been too much of time wasted and too much of disinterested sympathy heaped over that poor creature called the consumer. I wish these gentlemen had realised what the policy of discriminating protection tacked on to Imperial Preference, even in part, means to the consumer. I will just give a small illustration. Supposing you produce—assuming that all relevant factors are taken into account in determining the fair price—supposing you produce goods in this country for Rs. 70 per maund and in other countries they produce for Rs. 50 per maund. Now, you impose a duty of Rs. 20 per maund, so that the producer may have a reasonable price to start with. I hope I am correctly representing the case. I would ask the Honourable the Commerce Member to correct me if I am wrong. I think I am correct. Then he puts on it a tariff duty of Rs. 20 generally for all the foreign countries, but he says that, so far as England is concerned, the duty will be different.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member must conclude in two minutes.

**Pandit Govind Ballabh Pant:** I regret I cannot pursue this point as I have to finish. I hope we shall have a debate some other time and then I may speak. That reminds me of another point. The Government had undertaken in the last Assembly, if I remember aright, that they would give an opportunity for discussing the report of the Committee on the working of the Ottawa Pact. Even before giving an opportunity for the promised discussion, the Government have thrust this Supplementary Agreement down the throats of this country. Then we could have gone into these matters fully. It is absolutely true that the policy of Imperial Preference imposes additional burden on the consumer and makes his lot



[Pandit Govind Ballabh Pant.]

worse. Sir, how is India benefited by this Agreement? We are told that Indian exports to England have increased—I admit the correctness of the statement, and there are many reasons for this increase on which I have no time to dwell at present, but this important fact remains and the House will, I hope, bear it in mind, that the increase in the case of preferential goods has been about 20 per cent, while, in the case of non-preferential goods, it has been about 50 per cent. This clearly proves that preference has nothing to do with this rise. The imports into India of United Kingdom goods have gone up by several crores in those articles in which England gets preference.

In conclusion, I have only one word to say. The Honourable Member opposite, the Joint Secretary for Commerce, while speaking yesterday, said that it was no more than a mouse that had been raised into a mountain. He perhaps forgets the mischievous qualities of this animal. The mouse, Sir, specially the bigger variety of it, furnishes congenial abode and breeding ground for plague bacilli and has caused greater havoc in this country than many other epidemics and endemics put together. If you, Sir, want to save this country from this medium of plague bacilli, you must not only kill it, but also pour oil over it and apply a match to it (Applause.)

The Assembly then adjourned for Lunch till Twenty-Five Minutes to Three of the Clock.

The Assembly re-assembled after Lunch at Twenty-Five Minutes to Three of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair

**Mr. N. M. Joshi** (Nominated Non-Official): Sir, I assure the Honourable the Commerce Member that the remarks which I shall make will be in accordance with the principles of coldest logic. But, I am afraid, Sir, that I shall not be able to follow his advice as regards not examining this Treaty from a political point of view. I am sure, the Commerce Member will admit that towards the end of his speech he himself referred to the fact that if this Treaty is worked well, the safeguards may be relegated to a place where they may not be used. It is clear, Sir, that even he does not think that politics can be kept out of a commercial treaty. Sir, I am not prepared to make much of want of previous consultation with commercial interests which has been referred to by several speakers. So long as the Government of India are willing to place a treaty negotiated by them on their own responsibility before the Legislature for its approval, the Government of India need not adopt previous consultation. They take the risk of the Legislature's disapproval as they have taken the risk today. If the Government of India desire previous consultation, then I feel that it is not enough that there should be previous consultation only with commercial interests. A commercial treaty does not affect the interests only of commercial people, but affects the interests of the whole country. It affects the interests of agriculturists and it affects the interests of workers engaged in industry. If you ask my view, I feel that a commercial treaty affects the interests of workers much more than it affects the interests of people who call themselves traders and merchants.

Unfortunately, not only the Government of India but many Members of this Legislature feel that it is only commercial people who are interested in a treaty of this kind. Only recently the Government of India called some people for consultation in connection with the Indo-Burma Treaty to be negotiated by them. They called people interested in commerce. In Burma, three-fourths of the Indians resident there are labourers and any treaty to be negotiated with Burma should certainly be negotiated in consultation, not only with commercial interests, but, with people who are interested in the welfare of labour also. I, therefore, feel, Sir, that it there is to be previous consultation with any interests, there should be previous consultation with all interests which are affected by a trade treaty. I feel that wherever previous consultation is necessary, that previous consultation should be with a committee of this Legislature and not with any private people.

Sir, coming to the provisions of this Treaty itself, I propose to examine it from two points of view: whether it is equitable to the two parties to the Treaty, and, secondly, whether the Treaty will create any further complications preventing our co-operation with any other countries in the world. Sir, the Treaty consists mainly of three parts. The first is, as the Honourable the Commerce Member has stated, enunciation of certain principles by which protection is to be given to Indian industries; secondly, it tries to give effect to the provisions of what is called the Mody-Lees Pact; and, thirdly, it provides for a certain arrangement regarding the entry of pig-iron into Great Britain for a certain period. So far as the treaty which is known as the Mody-Lees Pact is concerned, in the previous Assembly, I had expressed my view that it was a wrong treaty, it was more or less an one-sided treaty. I had also expressed my view that it was wrong for any private party to negotiate a treaty bargaining away the trade of a country.

**Mr. H. P. Mody:** What precisely have you given away?

**Mr. N. M. Joshi:** I am coming to that.

Now, this Treaty embodies what is known as the Mody-Lees Pact. It does not give to India anything more than what is provided for by the Mody-Lees Pact, not much more in any case. But, from the point of view of India, we are giving to Great Britain a binding as regards the principles by which our protection policy will be guided. Sir, the Commerce Member stated that we are merely stating our policy as regards protection, but in merely stating that policy in a treaty we bind ourselves to follow that policy for all time whether we desire that a change should be made or not in future times. Secondly, the Honourable the Commerce Member, in reply to a question put by my Honourable friend, Sir Ghulam Hussain Hidayatullah, replied in the affirmative to the question which he put. But I am not satisfied, considering the language which has been used in the Treaty itself. The Treaty lays down very clearly that the differential margins given to Great Britain shall not be altered to the detriment of Great Britain. Sir, let us know from the Government of India what is exactly the meaning of this. I feel that this is not a principle which this Legislature or even the Government of India have ever accepted before. If any change is necessary in the differential margins, India should be free to make that change. I should, therefore, like the Government of India to explain when

[Mr. N. M. Joshi.]

this principle was adopted by the Legislature and by the Government of India themselves. Now, Sir, so far as Great Britain is concerned, what has Great Britain given to us in return for what we promise to them? Great Britain promises to take a certain quantity of cotton and other goods. In this connection, I should like the people who represent the British Government and who speak on their behalf to avoid talking of doubling and quadrupling of the quantities of cotton. That is a misleading statement. It is much better that the quantities of cotton taken by Great Britain should be mentioned, and, at the same time, they should also mention the exportable surplus of cotton in India. Then alone the ordinary public will be able to know what exactly Great Britain is doing in the matter of importing Indian cotton into that country. Secondly, Great Britain agrees to give certain facilities for Indian trade in the colonies. Is there any gain here? Who believes that Indian trade will get facilities in British colonies? With the connivance of the British Government, the Indians are now being driven out of existence—in Kenya, Zanzibar and Tanganyika and other colonies. When we are being driven out of existence, what is the possibility of Indians securing facilities for trade in British colonies? What is the use of the British Government giving us a promise that they will give facilities for our trade? Then, it was said by my Honourable friend, Mr. James, and also by Mr. Mody that the Treaty is a reciprocal treaty. Besides these two vague promises, what has Great Britain promised in return for what we have promised? We have given them a definite promise saying that our protection policy will be a particular policy and that it will not be changed as long at least as that Treaty lasts. Does the British Government in return, as a reciprocity, say that this is going to be their protection policy? They are not prepared, I am sure, to give India a promise as regards the differential margins which we are going to make to them. The British Government, as a matter of fact, cannot give them that promise; the dominions and the other colonies will not allow Great Britain to give a promise that India alone will get preferential treatment. It is not within the power of Great Britain to give that promise. Why was that condition then entered into? I feel that this Treaty is inequitable from the point of view of Indian interests. Not only is this Treaty inequitable economically, but I feel that politically this Treaty is unwise. The Honourable the Commerce Member told us to avoid politics in this debate. I feel very honestly that the origin of this Treaty is a political origin. Last time, when this question was discussed in the Assembly, I quoted one sentence from the evidence given by the Manchester Chamber of Commerce; and I am afraid I shall have to quote that sentence again. This is what the Manchester Chamber of Commerce said in this evidence:

*"A country yielding such powers (that is, the powers to be given by the new Constitution) is entitled to press for a continuance of the status quo in directions vital to her economic life."*

Lancashire and British commerce had enjoyed certain privileges in this country. They want these privileges to be maintained even under the new Constitution. This is the origin of this Treaty. My Honourable friend, Mr. Mody, when he spoke in the previous Assembly on the question, said that, on account of the Mody-Lees Pact, the relations between Great Britain and India had improved—at least the attitude of

the Lancashire Chamber of Commerce had improved so far as the question of granting freedom to India was concerned. He said that one of the objects of his making that Pact was the goodwill of Lancashire. My Honourable friend, Mr. James, also said that if we make this Treaty with Lancashire we shall secure their goodwill. Sir, we want the goodwill of Great Britain. And, in order to secure that goodwill, Mr. Mody signed his famous Mody-Lees Pact; and what happened after the signing of that Pact? After the signing of that Pact, the Manchester Chamber of Commerce insisted in the Joint Parliamentary Committee that there should be a further safeguard against penal tariffs . . . . .

**Mr. A. H. Ghuznavi** (Dacca *cum* Mymensingh: Muhammadan Rural): That is not correct: they put in another memorandum which is far better than what they put in in the beginning.

**Mr. N. M. Joshi:** And last time my Honourable friend, Mr. Ghuznavi, got up and said that the Manchester Chamber of Commerce had changed their heart and they did not want a safeguard against their commerce; but soon after my Honourable friend made that speech, the Joint Parliamentary Committee Report has been published and the safeguard for what is known as the penal tariff has been put in in that report. We have been trying to secure the goodwill of Great Britain; we tried to secure the goodwill of Lancashire by the Mody-Lees Pact. The Government of India are now making this Treaty. are we likely to secure that goodwill? . . . .

**Mr. F. E. James:** Not by throwing it out.

**Mr. N. M. Joshi:** We are not likely to secure their goodwill: their demands for showing signs of goodwill go on increasing; their thirst is insatiable; you may give one treaty; you may give them another treaty; they will still ask for your signs of goodwill towards them. I feel that the time has come when we should say "No further". I feel that if a treaty is necessary in the interests of India, we should make a trade treaty: there is nothing wrong in making a trade treaty with England if the trade treaty is equitable to both parties. Similarly, I am prepared to make economic concessions, trade concessions to Great Britain, if Great Britain will give us freedom. There is nothing wrong in buying our political freedom. But is Great Britain prepared to give us our freedom? They offer us a Constitution which we do not want. I, therefore, feel, that we shall not be justified in agreeing to this Treaty. This Treaty is economically inequitable and politically unwise, and I feel that it will create economic bondage for this country for all time. It was said by my Honourable friend, Mr. James, that the Treaty may be denounced, but is it possible for this Government which is a subordinate branch of the British Government, to denounce a treaty made with Great Britain? Sir, I support the amendment.

**Sir Cowasji Jehangir** (Bombay City: Non-Muhammadan Urban): Mr. President, I think it may be truthfully said that the trade relations between India and England have for some years been permeated with suspicion; and when we come to reflect upon the history of our trade relations, we are not surprised at this suspicion. My friend, Mr. Jinnah, gave one instance of a glaring injustice to our biggest industry by way of an excise duty and he graphically illustrated his point by giving you a few facts of

[Sir Cowasji Jehangir.]

how that excise duty was levied against the wishes and convictions of the Secretary of State of that time—I believe it was Mr. Fowler—who was forced to impose that injustice upon this country by the pistol being held at his head by the powerful Lancashire interests in the House of Commons. It would be closing our eyes to the obvious if we did not recognise the great influence that commercial and industrial interests in England have on their Government. We would be closing our eyes to a real danger if we did not give full weight to that great influence on whatever Government may be in power—Labour, Conservative or Liberal. I have no doubt that that influence is no less today than it was years ago. On the other hand, I frankly admit that some of our friends by the language that they have used in this country in connection with the trade and industrial interests of England have caused suspicion in the minds of Englishmen as a whole. Therefore, there is suspicion on both sides, a suspicion on our side from many years of experience, a suspicion in the minds of Englishmen caused within the last few years by perhaps indiscreet criticism . . . . .

**Mr. M. S. Aney:** Question.

**Sir Cowasji Jehangir:** . . . indiscreet criticism made by our friends in India. Now, Sir, I have not used exaggerated language. It is being admitted in England that the best way to retain friendly relations with India is not to rely upon that influence and that power which industrialists have in England over their Government, but to rely more and more upon friendly relations with India herself and to win the goodwill of our people, for it has been said by a statesman even in the House of Commons that though you can force a horse to go to the water, you cannot compel it to drink, and it is pleasing to find that Englishmen in England, and industrialists in particular, are beginning to realise this all important factor. We on our side must give due weight to that change of attitude, to that change of mentality, and get from them whatever we can to serve our own interests, to serve the interests of all our people, including the interests of my friend Mr. Joshi. Now, Sir, if we are to have a changed mentality in this country, we have to look to facts as they are, we have to realise our handicaps and our defects, we have to realise that our friends sitting opposite are Members of a subordinate Government, we have to realise the fact,—and I have said so within the last three years I do not know how often, that my friends opposite, however good their intentions may be, are really in law the agents of the Secretary of State for India . . . . .

**An Honourable Member:** Everybody knows it.

**Sir Cowasji Jehangir:** I am one of those who do not believe in breaking one's head against a stone wall; I am one of those who believe that we shall serve the interests of our country much better and much more effectively by other methods than by breaking our heads against a stone wall . . . . .

**Mr. H. P. Mody:** Why do you prevent them from breaking their heads?

**Sir Cowasji Jehangir:** My friend, Mr. Mody, asks me why do I prevent them from breaking their heads? Mr. President, they are my countrymen, and if I see that even through honest and conscientious convictions there is a chance of their breaking their heads . . . . .

**Some Honourable Members:** No, no.

**Sir Cowasji Jehangir:** If I see that there is even a remote chance of their breaking their heads, why, Mr. President, I shall be the first to try and save them. There may be a selfish motive, for I know that if they break their own heads, they break mine with theirs. (Laughter.) That is my reason, Mr. President, for attempting on this occasion to point out, if I may do so with due respect, that there are more ways than one in which we can serve our country.

Now, Mr. President, I think we have got principally to judge this precious document that has been placed before us from one standard. Does it represent faithfully the Government's policy as formulated within the last few years, or does it in any clause make further concessions which we were not prepared to agree to during our previous discussions? I would not mix up the policy of Government as it stands today with the policy of Government as we should wish it to be in the future. If we concentrate the whole time on the policy of Government as we wish it to be in the near future, we shall not be able to discuss this document dispassionately. And, before I go further, Mr. President, I would like to go into one or two details of this document. Article 1 is fairly clear. In the first few lines, there is an acknowledgment on the part of His Majesty's Government that India is free to adopt any fiscal policy which will be to her advantage regardless of the interests of all other countries including the United Kingdom. I pointed out on a former occasion that that admission was a valuable one considering the past history of our trade relations. It means that His Majesty's Government will refuse to be influenced by powerful interests in England who may suggest acts of injustice to this country. Then it goes on further to say that in case levying a lesser duty on goods from England is to the advantage of this country or even if it does no harm, we must undertake to do so. Sir, I will not take up the time of the House by going through each of these articles, but I will come straightaway to what now has become the most important one after the discussion that has taken place today, namely, Article 3 (2). I am not so certain of the interpretation of this Article. Does not this Article tend to restrict the definition of the words "fair selling prices"? Does it restrict the power of the Government of India to protect a particular industry in India so as to enable it to develop and expand? Does it make it incumbent upon the Tariff Board to so fix selling prices as to enable an industry merely to exist and not to expand and develop? These are the three questions which I will ask the Honourable the Commerce Member to answer. What we understand by discriminating protection is a protection that will not only keep an industry in existence or allow it just to keep its head above water, but that that protection, when applied to certain infant industries, will allow them to develop and expand in order to supply our own requirements and keep out imports from whatever country those imports happen to come. That is the point. Now, Sir, I admit that the way in which this article is drafted is to a layman rather perplexing, and I want an authentic definition of this article from my Honourable friend, the Commerce Member, so that it shall be on record . . .

**Mr. N. M. Joshi:** It will not bind the British Government.

**Mr. M. A. Jinnah:** We want to know for the purpose of voting

**An Honourable Member:** That is a blood wall.

**Sir Cowasji Jehangir:** My Honourable friend, Mr. Jinnah, has pointed out to you very clearly his apprehensions and there may be some grounds for these apprehensions. Perhaps my Honourable friend, the Commerce Member, will clear the point definitely, and unequivocally, so that no other interpretation can be placed upon these clauses in the future by the other high contracting party. We do not wish to change our policy. We shall insist upon the Government in the future protecting infant industries, so that they shall develop and expand, which will enable us to decrease the imports worth crores of rupees into this country. If there is the slightest suspicion that by this article such an expansion, such a development of our industries or any one industry can be prevented through instructions to the Tariff Board or by an adverse interpretation placed upon this Article by a future Government, this document does not give a faithful picture of the Government of India's policy as it stands today.

**An Honourable Member:** What is your reading?

**Sir Cowasji Jehangir:** Many articles in many treaties can be read in different ways (Laughter), and the authentic interpretation of this Article should come from the lips of the Honourable the Commerce Member, and I can say faithfully that when a Commerce Member or any Member of the Government of India has made a statement on the floor of this House and recorded in our blue books, I do not know of any single instance, except one, where the Government of India, or shall I say, the agents of His Majesty's Government have not kept their word.

**An Honourable Member:** Are our proceedings binding?

**Sir Cowasji Jehangir:** The proceedings are binding. I will not go into the question of that one famous exception.

**An Honourable Member:** What is that?

**Sir Cowasji Jehangir:** Then, we come to Article 3, clause 3, which, I think, is fairly clear, and I will not worry the House about it. A definition has already been given which seems to me personally perfectly satisfactory. Now, coming to Article 4, there is something new. It is an undertaking, as has been already explained, given to the industrialists in England that they will be heard by our Tariff Board whether the Government of India like it or not. In practice they have been heard. The last time the Tariff Board made an investigation of the steel industry, the industrialists in England not only were heard, but they put up for consideration and examination very lengthy documents. Well, Mr. President, in protecting our industries I feel confident that we have nothing to hide, that if we have an honest Tariff Board and a Commerce Member worth his salt, I have no objection to the case of any industry in any part of the world being examined to see that our case is sound; for that is the best protection for the consumer. Whether it is quite advisable to put it into a document of this kind is another matter, but considering that the effect of it cannot be harmful, but may be for good, I pass over that change, that definite change in the policy of the Government of India made in this document.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has already exceeded his time.

**Sir Cowasji Jehangir:** Now, what is the reason why this document has been signed, sealed and delivered by the Government of India? You say that it is merely putting down on paper what is already crystallised, what already is your policy. Why do you do it? It is done, I believe, to re-assure those industrialists in England who feel that the Government of India may go back suddenly, without notice, upon the policy they have adopted up to now. This merely gives them an assurance that at least for six months the Government of India cannot go back upon that policy, that six months must elapse before this policy is changed. That is the assurance, I take it, that this document contains to the industrialists in England. What do we get back in return? We get back an assurance, an undertaking from the British Government that they will make every effort to encourage a greater consumption of our cotton. Mr. President, the undertaking is in the last five lines of Article 5. In the first few lines, there are mere truisms—not worth the paper on which they are written. They merely say what they have been doing up to now. They also merely state what they cannot help doing, but in the last five lines they give an undertaking and these are the words: and they undertake to continue to use all possible efforts in co-operation with commercial interests to stimulate the consumption of Indian cotton in all possible ways. Coming from a Government that they undertake to do all they can, means a great deal.

**Mr. M. A. Jinnah:** The undertaking is very elastic

**Sir Cowasji Jehangir:** No, it is not. If you think so, I beg to disagree. A responsible Government gives an undertaking that it will make every effort and it goes on specifically to explain how that effort will be implemented. For it says: including technical research, commercial investigation, market liaison and industrial propaganda. I think that is worth something. As to cotton, my friend Mr. Mody, just informs me that the consumption of Indian cotton in England was 160,000 bales before the understanding with Lancashire. It is now 342,000 bales.

**An Honourable Member:** What is the total export of India?

**Sir Cowasji Jehangir:** The undertaking given by Japan is 15 lakhs. Therefore, it is 3½ lakhs as against 15 lakhs of bales, but the important point to bear in mind is that your price of cotton is governed by your surplus and if you can find a new customer for the last 100 or 200 thousand bales of your cotton, you raise the price of your whole crop of cotton during the year. That is a well known fact. Therefore, any increase in our cotton consumption by outside countries even by 100 or 200 thousand is of the greatest use and service to our agriculturists, because it increases the value of their whole crop. It is the surplus during the year that governs the prices of the whole crop and therefore an increase of 160,000 to 352 thousand is a substantial increase and with this undertaking given by the Government of the United Kingdom I trust that those figures will go up. I frankly admit that I put very little value on the other assurances and undertakings given, but, Mr.



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President, I attach the greatest importance upon eliminating that devastating factor of suspicion both in England and in India, for, through this lies our salvation, and, however much my Honourable friends may disagree with me, I feel confident that just as due to a change of their policy we have the pleasure of seeing them here and working with them, I trust, most cordially in the future, we shall also have the satisfaction of seeing a greater and just as honest a change in their opinions. Their co-operation must finally result in considerable benefit to our country. That has been our belief all along. That has been our conviction all along. That is what we have been pleading for, praying for, and, in their presence here, Mr. President, I see a ray of light, a little bit of light coming from a black cloud, and I trust that their presence here will go more and more to disperse that black cloud, and with their assistance, their strong and powerful support, we shall attain, within a reasonable time, the goal of our ambition, self-government for India.

**Mr. Bhulabhai J. Desai** (Bombay Northern Division: Non-Muhamadan Rural): Mr. President, I consider it a privilege to take part in the discussion of this all-important question—at all events, the first most important question which has come before this House. I almost wished, when the Honourable the Mover in charge of the motion was speaking, that I had on my side of the House the advantage of that facile and subtle mind to advocate a juster cause. The fact, however, remains that we have to struggle against some of the sophistries arising out of the brightness of that intellect. I do not wish to refer at any length to patronising speeches, more or less made after a study in a school of rhetoric, attempting to tell us what our business is. I hope and trust that we understand what we are about and shall carry it out to the best of our ability. There are only two questions which arise for the consideration of this House in discussing this document which has been called the Indo-British Agreement. For my own part, I propose to call it the document in question, for I hope I shall give reasons enough to satisfy the Honourable the Leader of the House and his neighbour, the Honourable the Mover, that in no sense of the term could this document be ever called an agreement either in the sense of law or in the view of common sense. The questions are first what are the essential features of this document, what is the necessity for it and why it was carried out in the manner in which it was carried out without the smallest consultation with the commercial interests of this country and also on the eve of the inauguration of the new Session of the Assembly. I wish to assure the House, I have not, at all events, that suspicious mind which one of the speakers referred to. The very fact that a man smells and speaks too often of suspicion, leads me to suspect that it is his mind which is all the time brooding on that disease. So far as I am concerned, I am prepared to take every circumstance into account and come to a reasonable conclusion which the facts warrant. But I have a shrewd suspicion—using that word in the very ordinary sense of the English language of shrewd belief—why the agreement was signed on the 9th January was that it was well known to the agents of the British Government out in India to wit the Government of India (I am merely borrowing an expression used by others and almost acquiesced by those on the other side of the House) that they had realised that if commercial,

industrial and other interests concerned in this matter had been consulted and had been respected, this Agreement would have had to be abandoned. I have also a shrewd suspicion that it was realised that the days of unrepresentative, somewhat docile, Assembly, pretending to contend but always conceding, had passed. (Hear, hear.) It was those two reasons which explain beyond all argument, reasonably and clearly, as to why this Agreement was signed on the 9th January, without consulting the trade interests and without waiting for the assembling of this House. When agreements are entered into concerning trade, concerning even labour, and also the consumer, I have yet to be told that any Government worth the name, be it the agent or principals, that they would not, before entering upon any such course, consult the interests concerned. Were not the British interests concerned all the time in touch with the Right Honourable Mr. Walter Runciman before this Agreement was arrived at? Sir, it is not a mere act of courtesy. It is a recognition that the monopoly of guarding the interests of India, of understanding the repercussions of trade agreements cannot possibly lie within a few heads on the other side. After all, the effects, the resultant consequences of the Agreement have got to be borne by the country, be it trade or be it the consumer, and, with all solicitude for them, I trust that it is more than a formality that is required that they should always be consulted: and if there were no other reasons, I venture to say that an agreement so arrived at must excite the reasonable suspicion of any thinking man.

Coming to the question whether this document can be called an agreement or not, I shall ask myself what I might have asked you, Sir, had you been in the place that you occupied before you took to public life. There are at least two main factors of every agreement if it is to have any value. Has this document in it the element of reciprocal consideration, and has this document been arrived at by persons, as to one of the two high contracting parties of its own perfectly free will? I thought those were two elementary things entering into the examination of every agreement and the Honourable the Leader of the House will, I am quite certain, have the sympathy of everyone of us with him when I ask him whether, examined in that light, it can fairly be called an agreement. Sir, there is neither "consideration" nor that free will that is required for the purpose of it being called an agreement—if that term is not to be abused. I say that the failure to consult the interests concerned, the failure to examine this in the light of what the country would have desired, is to be deplored, and especially so considering the fact that nobody from the Indian side ever initiated, nobody ever requested, nobody ever approached the Government of India to undertake this somewhat thankless and, as I understand it, a necessary evil task. We are told by the Honourable the Mover to exclude politics out of it altogether. But did he not himself give away the show, when he himself, at the end of his opening speech, said that there are three considerations that moved from the side of the British Government, *viz.*, clauses 5 and 6, and, furthermore, the third, namely, that "if you set your seal of approval to this Agreement, you will have rendered the safeguards nugatory"? Sir, I never thought that the safeguards were anything but one of the main political elements in the Constitution yet to come. If, therefore, among the considerations that he himself pointed out were the advantage, of a political nature, then, let me assure him that so far as those, whom I represent are concerned, do not put that value on the non-use of those

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safeguards so as to make it a matter of bargain. Taking, therefore, the Agreement as it stands, let me turn to the terms of the Agreement itself, for, after all is said and done, who is there more competent to judge of what we have gained or what we have lost? Have we not passed the stage of tutelage when somebody else could speak for the industrialists and the commercial interests of India but ourselves? Sir, I regret very much that it was with a certain degree of arrogance that my Honourable friend, Mr. Mody, spoke in this connection, but I say he did not realise, as he ought to have realised, that there were telegrams pouring in from every single industrial concern, including the one from the Federation of Indian Chambers of Commerce,—and if he thought, as he seemed to, that those were all contemptible documents, (Mr. H. P. Mody: "I did not say that")—if he thinks they are contemptible messages emanating from contemptible Chambers, than Mr. Mody would have to reserve his judgment for his own consumption (Hear, hear.) What the country is concerned with is the judgment of persons who really have a stake in the industries (Hear, hear), and what is still more important is that the consideration of the rights of the consumer are trotted out whenever every other argument fails, but, I ask, who else is the consumer but ourselves and those who have returned us to the House. (Loud Applause.) But please do not trouble if we believe that, in the common and larger interests of India, our industries shall grow by means of protection, our people are quite prepared to pay the price in so far as that is concerned. (Hear, hear.) Both the producer and consumer are behind us in the denunciation I have given of this Agreement,—the first and the foremost, the trade and commercial and industrial interests, and, secondly, the consumer, who is fully aware that for any advancement of that kind, in order to contend against the continuous exploitation by other countries, it is necessary to bear the smaller evil. Sir, the consumer is never consulted when it suits the interests of the Government, but he is always the hobby horse trotted out whenever it suits the Government and whenever any other argument of theirs fails.

With these observations, let me turn to the text of the Agreement itself, and in this, departing from the practice, which many more experienced men than myself have followed of asking questions for a solution by the Honourable the Mover, I propose, so far as in me lies, to read in the language of the instrument to find just what it means; for, this House, I am sure, has a very painful recollection, at all events, the country has a very painful recollection, of relying upon statements made as to the meaning of general words used either in motions, Resolutions, or in Acts of this House. I know that very often in order to assuage the House or in order to catch a doubting vote here and there, the generality of language used is sought to be mitigated by very soft expressions, but when they come to be construed, whenever they come to be applied either in business or in a Court of law, we are told that those are irrelevant matters. What we are told is to look at the terms of the instrument and to see what it means and not anything else. I, therefore, do not propose to ask any questions or to ask for any explanation. What I propose to do is to put to the House the reasonable meaning, as we apprehend the Agreement bears, and, it is on that meaning alone, that I ask the House to pronounce an opinion, for who daresay that so long as it is possible

to put the construction that I put before you can be put upon that instrument that any expressions of opinion by those who now represent the other side of the House can be of any value when the question of its application or full significance arises? It is for that reason that I wish to take the text of the Agreement as briefly as I can. In describing the Agreement, I am reminded of a well-known passage from the Bible:

'He who hath shall be given, but from him who hath not the little that he hath shall be taken away.'

That is the best description that I can give of this wonderful document before you, for the gist of the document is this. The first two clauses, in so far as they are not obnoxious, merely reiterate what does not require an admission from anybody. Who has ever disputed that every country is entitled to protect her industries: call it discriminating protection or anything else. Now, do you require an agreement for the purpose of ascertaining that you have what you have, and that is all that is said in the first clause of the Document. And here I must advert to the word of which a great deal is made during the course of this debate, namely, discriminating protection. I take it that, apart from any technical definitions, the word "discriminating" can only mean prudent. The word "discriminating" has not within it that peculiar sense which is sought to be read into it, discriminating between A and B, or C and D. Discriminating protection merely means reconciling the interests of the industry and the growth of the industry in the larger interest of the country with those of the consumers. The word "discriminating" involves a judgment which the country in her own interests has to bring to bear upon any measure of protection that is brought before her. She has and should have no relation whatever to any outsider, whether British or non-British. Discriminating protection is a matter that has no logical or economical relation with any preference of any outsider so far as the trade in this country is concerned. The two things are entirely apart and yet the greatest vice of the instrument before you is that the two are sought to be allied with each other in such a way that you cannot have one without submitting to the other. With this introduction, I ask you to consider Article 1. It runs thus:

"It is recognised by His Majesty's Government in the United Kingdom and the Government of India that while protection to an Indian industry against imports of whatever origin may be necessary in the interests of the economic well-being of India, the conditions within industries in India, in the United Kingdom and in foreign countries may be such that an Indian industry requires a higher level of protection against foreign goods than against imports of United Kingdom origin."

I pause here first to point out that, in so far as it recognises our right to have a protection for the growth of our industries, it requires no agreement, it requires no concession and is no compensation. And in so far as it states that the industry may require a higher level of protection against foreign goods than against imports of the United Kingdom, it leaves a most important hiatus in the converse which is not to be found anywhere, for it may easily be that a higher level of protection may be required against British goods than against non-British goods. It is implicit in the very first clause of the Agreement itself, cleverly worded though it is, that you may have a higher level of protection so far as non-British goods are

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concerned, but you may not have that in the converse. This interpretation is reasonable, and I do not want any assurance or any statement to misguide us whenever we judge this issue. Taking Article 2, it is recognition of a right of a politically subordinate country to levy import duties for her revenue purposes. This cannot be denied and requires no admission. This clause is a mere padding. So you repeat many admitted things and while repeating these things add to it a few things which may easily escape attention if it is not carefully scrutinised. The first clause, therefore, gives us nothing and, in its latter part, enunciates or involves a vicious principle, as the converse of the proposition there stated is not to be found in any other part of the document. The second Article merely gives us what we are entitled to possess. This requires, therefore, no agreement. The language of the first two Articles shows no consideration, and taking even the speech of the Honourable the Mover, it is only clauses 5 and 6 in which are to be found some reciprocal term of value to India proceeding from the United Kingdom Government. In the third Article I wish to emphasise sub-clauses 2 and 3 touching only one or two matters of construction in those sub-clauses. Clause 2 reads:

"The Government of India further undertake that the measure of protection to be afforded shall be only so much as, and no more than, will equate prices of imported goods to fair selling prices for similar goods produced in India, and that, wherever possible having regard to the provisions of this Article, lower rates of duty will be imposed on goods of United Kingdom origin."

I am indebted to my Honourable friend who leads me at the Bar for emphasising the purport of sub-clause 2 of Article 3. The first most important part of it is that we are not merely told what the practice is or the general practice may be, but we are to be bound down by an agreement as to the manner in which we shall carry out in our own interests the policy of protection. There is a limit placed on the considerations which may be imported into it with a further condition tacked on to it at the end "and, having regard, wherever possible, to the provisions in this Article, lower rates of duty will be imposed on goods of United Kingdom origin". And yet we are told that there is nothing in this Agreement which can be the origin or an almost direct provision for British Preference. I wish to point that no agreement should be allowed to be entered into which will fetter the judgment and the discretion either of the Tariff Board or of the Government as to the grounds or the principles on which we wish to carry on the tariff policy for protection purposes. But the object here is obvious, namely, no consideration shall enter into it except the equation of the selling prices. Therefore there is something substantial that is granted to the United Kingdom on the part of the Indian Government. Now, I come to sub-clause 3 which runs thus:

"The differential margins of duty established in accordance with the principles laid down in the preceding clauses of this Article as between United Kingdom goods on the one hand and foreign goods on the other, shall not be altered to the detriment of United Kingdom goods."

Two or three posers were put by my friend, the Honourable Sir Ghulam Hussain Hidayatallah, and, I am aware, that as to the two of these there was a loud and emphatic answer by the Honourable the Mover. But those do not exhaust the possibilities when questions arise from time to time

for the application of a clause of this kind. And, may I here point out, trite though it may be, that when the Criminal Law Amendment Act was passed, words were used by which power was conferred upon the Government that any association may be declared illegal so long as they are satisfied that there is some purpose or a likelihood of a breach of peace behind it. Loud assurances were given at the time by those who represented the Government that those general words would be limited to violence against which the legislation was aimed, and time came, during the last three years, when those words were taken advantage of by the executive for the purpose of declaring as illegal, playing fields, gymnasiums and even praying associations. (Shame.) I, therefore, say, take caution against not merely being led by the fact that one or two illustrations might admit of an easy answer, but that the general words are of such a nature that they can always be canvassed for a sinister purpose, and who dare say that the meaning put upon it would not be that we shall not disturb the quantum or proportion once they are fixed on the first occasion. Therefore, it is not the assurance of the individual that matters. It is the document which is liable to have one or two dangerous potential constructions. If there is no occasion, if there is no need and if there is no advantage, why should we approve such a document and put our head into the noose which is prepared for us.

As regards Article 4, the portion that has been to a large extent canvassed and the most important of it is this. It is not so much the right of hearing (of which my Honourable friend, Sir Cowasji Jehangir, spoke) of which I am afraid, but it is the right of constant interference, almost of initiating every time that special conditions have arisen and thereby seeking to disturb the period or extent of protective duties in reference to certain protected industries if the duties happen to be inconvenient to Great Britain. Such questions will be frequently brought up. But what is still more dangerous is the introduction of uncertainty in the value of protection by the rights created in this clause. Let me put this to every Honourable Member of this House—what is the value of a protection granted for a period of time and limited in the quantum, if at every moment of time there is a risk and a danger of the matter being reopened? In other words, you almost destroy the value of the protection that you purport to give by creating a feeling of uncertainty. (Hear, hear.) (Applause.) Therefore, care must be taken not to be misled in this matter that a right of hearing is one thing, but the right of interference and the right of raising the question of over-protection is unnecessary protection by contending that radical changes have taken place in the conditions affecting protected industries. Who dare say in what manner such a right could be invoked? It is competent to British industrial interests to come up and say that radical changes have arisen in the steel industry, that radical changes have arisen in the textile industry and that radical changes have arisen in the sugar industry, and, therefore, we want an enquiry whether protection should continue, and if so, to what extent in time and tariff. I appeal to the Honourable the Mover himself, understanding as he does business as well as politics, that the important thing in matters of this kind is the certainty more than the quantum and let nothing be done by agreement or otherwise which disturbs that sense of security for the period of time so that that industry shall be originated, be fostered and grown, and, at the end of that period, be able to stand on its own feet.

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Now, coming to Article 5, notwithstanding the assurance of my Honourable friend, Sir Cowasji Jehangir, I wish to point out to my understanding what I shall *endeavour* to do is one thing and what I shall *bind* myself to do is another. May I put it again to the Honourable the Leader of the House, if he has ever read any agreement in which he would certify that when a man says I will endeavour to do a thing, it should be regarded as a consideration. I am quite certain he would want either a guarantee or a promise, that I shall do this or refrain from doing that. The rest is undoubtedly a pious hope which cannot be accepted either as a compensation or a consideration in the eye of law or common-sense. (Hear, hear.) After all, it is competent to every man to say, I have endeavoured to get you advantage, but if you do not get it, I am sorry. That is the business sense translation of Article 5.

Article 6 secures nothing new to India—I am emphasising Articles 5 and 6—because those are the only two Articles on which the Government, on their own showing, rely for proving some sort of compensation for entering into the Agreement. I am trying to closely scrutinise the Agreement, so that all extraneous considerations might disappear, and on the very Agreement itself it may be patent even to those who want reluctantly to support it that they are not doing the right thing.

Article 6 what does it say? It says:

"His Majesty's Government in the United Kingdom undertake that, in accordance with the principles of the foregoing Article, the privilege of duty-free entry of Indian pig iron into the United Kingdom will be continued so long as the duties applicable to articles of iron and steel imported into India are not less favourable to the United Kingdom than those provided for in the Iron and Steel Protection Act, 1934, without prejudice however to the provisions of sub-sections 3 (4) and 3 (5) of the Indian Tariff Act, 1894, as amended by section 2 of the Iron and Steel Duties Act, 1934."

That, at all events, guarantees to India nothing more than what was already the subject of a prior agreement.

Now, Sir, taking the six Articles of the Agreement, what do they resolve themselves into? Article 1 gives nothing, but attempts to take a great deal. Article 2 gives nothing whatever. Article 3 takes everything that they can take. Articles 3 and 4 are a deliberate inroad on the unfettered right and privilege of any country however subordinate politically it may be. Articles 5 and 6 confer nothing on India. If this is what is called an agreement, it certainly will not pass muster in a Court of law, it certainly will not pass muster in any common-sense market, and, I am sure, this is recognized even by the Honourable Members of the European Group, but unfortunately, on account of their amphibious character, they cannot help taking the stand which they have taken. Their one eye is turned towards their interests in India, but their other eye is turned to their kith and kin in the United Kingdom, and I am not surprised at the difficulty in which Mr. James and his colleagues found themselves in supporting this Agreement.

If this agreement was merely required for the purpose stated by the Honourable the Mover, that it embodies nothing more than what exists, then, I submit, that it is superfluous, and please scrap it, but if it is not superfluous, then undoubtedly it has got to be examined as to whether or not there is a gain and whether there is loss, and, if so, what and on what side. I am afraid, the Honourable the Mover protested too much and said that there was nothing in this Agreement except clarifying.

crystallising and defining what existed. If that is so, let him withdraw this, what he calls an agreement. I have never yet heard an agreement was required merely for the purpose of clarifying. An agreement is for the purpose of give and take on both sides.

The fact is this, and to put it very shortly before the House, we are called upon to legalise and to regularise acts of high-handedness and one-sidedness on the part of those who wield executive and political power to the detriment of ourselves (Shamo) and by this document we clearly gain nothing, but we lose a great deal. On the grounds I have put forward before you, and without reference even to the supposed political advantage, to which I attach no importance, or even taking that into account, I ask you to judge the Agreement as an agreement, as businessmen with common sense, as men of the world and as guardians of the interest of those who have returned you to this House and say in no uncertain voice that the Agreement shall not have your approval. (Long and Prolonged Applause.)

**The Honourable Sir Joseph Bhoré:** Sir, some of my critics remind me very vividly of one of Low's cartoons. Outside a book-shop, a literary gentleman, who shall be nameless, is holding out a volume entitled "The White Paper" to certain gentlemen standing in the distance who belong to the die-hard persuasion and entreating them to read it, read it. The reply of the fraternity of the die-hard persuasion is, "Dash it, Sir, we do not read books; we review them". I feel, Sir, that I am in a somewhat similar position to that of the literary gentleman. Judging from some of the criticisms that have been advanced, to my appeal to read this Agreement, the reply might very well be made, "It is not our business to read the Agreement, our business is to criticise it". Sir, I have never heard more mis-statements, unintentional of course, compressed into a single day's debate than I heard yesterday. I will give the House just one single example.

My Honourable friend, Sardar Mangal Singh, in attempting to belittle the value of duty-free entry for our pig into the United Kingdom, quoted figures to show that that concession had merely resulted in our imports into the United Kingdom growing smaller and smaller. Well, Sir, I do not know where my Honourable friend got his figures from. The facts of the case are, of course, entirely the opposite of what he stated. In the year 1981, we sent to the United Kingdom, 46,000 tons of pig, whereas other foreign countries sent no less than 286,000 tons. In 1984, up till November, we sent 100,000 tons of pig as against 18,000 from foreign countries. Critics of the Agreement must be very hard-pressed indeed if they have to rely on such mis-statements to establish their case.

Sir, I think I cannot do better than follow the example of the Leader of the Opposition, on whose very able speech I must congratulate him, in the hope that I may be able to do something to dispel the cloud of misinterpretation and misunderstanding which has gathered round this Agreement. I shall endeavour, in spite of what the Honourable the Leader of the Opposition has said, to give the interpretation which we attach to the various Articles of this Agreement, and I cannot believe that the House will endorse the suggestion that our interpretation of the terms is totally irrelevant.



[Sir Joseph Bhore.]

Now, Sir, let me take the preamble. It provides that the currency of the Agreement shall be coterminous with the Ottawa Agreement. The Ottawa Agreement, as Honourable Members know, by the decision of this House itself, will normally continue for a period of three years from the time when it was accepted by this House; in other words, it will extend until the end of the year. Thereafter, it will come up for re-examination by this House, and if the House decides that its continuance is not in the interests of this country, it may be terminated by six months' notice. If the House comes to that conclusion, after a dispassionate and judicial assessment of its results, then this Agreement goes with it. I do not think that anybody can take exception to the preamble. I come next to Article 1. It may be perfectly true that Article 1 gives us nothing special but it is a valuable declaration acquiesced in by His Majesty's Government.

**Mr. S. Satyamurti:** Why should they acquiesce in that?

**The Honourable Sir Joseph Bhore:** You may say that it is not, but I hold that it is of great value and of great importance to this country. We may agree to differ on that point. Now, Sir, this Article contains nothing but a pure statement of fact, a statement of fact which is unchallengeable and which is not open to argument. I ask, for instance, whether there is a single cotton textile industrialist in this country who would or could possibly deny that the measure of protection required against British cotton textiles would be entirely useless and insufficient against Japanese competition.

**Mr. S. Satyamurti:** What about other industries?

**The Honourable Sir Joseph Bhore:** May I ask my Honourable friends not to continue a running comment? I have a rather difficult task to discharge, and as my Honourable friend, the Leader of the Opposition, was allowed to continue without interruption, I trust that the opposite Benches will extend the same courtesy to me.

Sir, there can, I take it, be equally no objection to Article 2 which is merely a recognition by His Majesty's Government. You may attach importance to it or not just as you like, but it is nevertheless a recognition that we have the right to levy revenue import duties in accordance with the revenue needs of this country.

Now, Sir, I come to Article 3. Under Article 3 (1), we undertake that protection will only be given to an industry after a regular Tariff Board inquiry and after the Government of India are satisfied that it has established a claim in accordance with the principles laid down in the Resolution passed by this House in 1923. I have never heard it suggested either inside or outside this House that we should abandon our policy of discriminating protection for one of indiscriminate protection or that we should give protection before a regular inquiry has been made by a Tariff Board. Article 3 (1), I contend, merely states an accepted and approved policy. But it has been objected in the course of the debate, "If I want to radically alter my policy, why should I be prevented from doing so?" I contend, Sir, that that is hypothetical and a most unlikely contingency, seeing how strong are the reasons and how long the experience in favour

of our existing policy. But, Sir, if Government and the Legislature decided to make a radical alteration in their policy and if it were decided to abandon the policy of discriminating protection and throw overboard the interests of the consumer, then, Sir, as far as I can see, there is nothing to prevent their doing so. If they did so, what would be necessary would be by mutual agreement, in the first place to get the terms of this Agreement revised, and, failing that, in the final resort I have already shown how this Agreement could be terminated.

I come next to Article 3(2). Article 3(2) is again merely a statement of the procedure we have always adopted in our endeavour to fix a suitable scale of protective duties having regard both to the interests of the industry and of the consumer. It is a procedure that has been accepted over and over again by the Legislature. The promise to impose lesser duties on British goods—mark the reservation—wherever possible having regard to the provisions of this Article—again breaks no new ground, nor does it involve us in any new declaration of policy: it merely states the procedure which has been accepted in the past, and which has been acted upon on more than one occasion. Let me explain what it actually does mean. It simply means this, that if the prices of British goods are higher than the prices of similar foreign goods, then the protective duties on the former will be lower naturally than the protective duties on the latter. If they are not higher, then the duties will not be lower. In fact, it is merely an affirmation of the practice of differential duties. (Interruption.) Please do not interrupt. No useful purpose will, I think, be served by my going at any length into the question of differential duties, which has been argued in this House threadbare on several occasions. I venture to hope that it is no longer a forlorn hope to get people to realise that differential duties are not the same as preferential duties. The two are as the poles asunder. In this particular Agreement we have absolutely nothing to do with preference or preferential duties. If differential duties are imposed in pursuance of our policy in fixing protective duties on the basis of the difference between the fair selling price of the Indian article and the duty-free price of the British article on the one hand and the foreign article on the other hand, those duties are imposed solely and entirely in the interests of the consumer and of no one else. Let me give to the House just one instance, and let me give them the actual figures in that case; and when Honourable Members have read, marked, learned and inwardly digested those figures, I hope that the confused allegations of preference, which have been in evidence so much in the past, will no longer be possible. I will take the case of galvanised sheet—one of the cases which we discussed in this Assembly during the last Session. The Tariff Board found that the fair selling price of Indian galvanised sheet was Rs. 170 a ton: the duty-free price of British sheet was Rs. 160 and the duty-free price of foreign sheet was Rs. 130. It was, therefore, quite clear that the protection needed by the Indian industry against British imports was Rs. 10 a ton and against foreign sheet of Rs. 40 a ton and this Legislature accepted the principle of differential rates. I will not refer to the fact that in this particular case an over-riding revenue duty was imposed on British sheet. If this Legislature had not accepted differential duties, what would have happened? There were two alternatives: in the first place, the duty which was needed against British sheet might have been extended to foreign sheet, namely, Rs. 10 a ton. What would have been the result? The

[Sir Joseph Bhoré.]

result would have been that foreign sheet would have been able to undersell Indian sheet by no less than Rs. 30 a ton, and the whole scheme of protection would at once have been destroyed so far as this particular commodity was concerned. The other alternative was that the duty required against foreign sheet might have been imposed on British sheet. That is to say, a duty of Rs. 40 might have been imposed on British sheet. Now, what would have happened if that had been done? The result would have been disastrous to the consumer, who, in most cases, I believe, is the poor agriculturist in Bengal and I think also in Assam; and how would it have been disastrous? It would have been disastrous in this way: we have got to bear in mind that the normal consumption of galvanised sheet in this country is about 250,000 tons. The utmost limit of Indian production is 100,000 tons. At the present moment, I do not think Tatas are producing more than 45,000 to 50,000 tons. It, therefore, follows that at least 150,000 tons must be imported from abroad. Now, if Rs. 40 a ton had been imposed on British sheet in order to secure the same rate of duty on all imported sheet, the price of British sheet would have gone up to Rs. 200 a ton, which means that both Indian sheet and foreign sheet would have been able to charge a price just below Rs. 200—say, for instance, Rs. 199—instead of Rs. 170, which was the fair selling price found by the Board: in other words, it would have placed an extra burden of something like Rs. 70 lakhs on the poor agriculturist. That is the justification for differential duties, and I understand that my Honourable friend, Mr. Jinnah, accepted the necessity in certain cases for differential duties in the interests of the consumer . . . . .

**Mr. M. A. Jinnah:** In such cases as we consider necessary, yes, and we will find it ourselves.

**The Honourable Sir Joseph Bhoré:** That is what I said. Now, I come to Article 3 (3), and here again I am up against what the Leader  
4 P.M. of the Opposition refused to accept, namely, my own interpretation of this particular article. I can give the House the assurance that that interpretation is the interpretation . . . . .

**Sir Cowasji Jehangir:** May I point out to the Honourable Member that he has passed over my question on Article 3 (2)?

**The Honourable Sir Joseph Bhoré:** Will the Honourable Member repeat his question?

**Mr. S. Satyamurti:** On a point of order, Sir. Is it open to my Honourable friend to interrupt him on a point of order or personal explanation in order to have a discussion again and ask him to explain matters? Is it not against parliamentary procedure?

**Mr. President (The Honourable Sir Abdur Rahim):** It is left to the Honourable Member whether to answer that question or not.

**The Honourable Sir Joseph Bhoré:** I am very grateful to my Honourable friend, Sir Cowasji Jehangir, for bringing that point to notice. I think he referred to the fair selling price, and I am all the more grateful

to him, because it was a point upon which my friend, Mr. Jinnah, laid very special emphasis. Now, Mr. Jinnah was much concerned by our being tied down to a fair selling price. First, let us remember that a "fair selling price" must be fair to the industry and fair to the consumer. That is the only test of fairness. In my view, fair selling price connotes the price necessary and sufficient to establish an industry on a firm and substantial foundation within the intention of the Resolution of 1928. That, I think, is wide enough to clear all my friend's, Sir Cowasji Jehangir's doubts in the matter.

Now, Sir, I go on to Article 3 (3). . .

**Prof. N. G. Ranga:** Mr. President, I should like to know. . .

**Mr. President** (The Honourable Sir Abdul Rahim): Is it a point of order?

**Prof. N. G. Ranga:** I would like to have some explanation. . .

**The Honourable Sir Joseph Bhoré:** I go on, Sir, then to Article 3 (3).

**Prof. N. G. Ranga:** Can I not have some explanation. . .

**Mr. President** (The Honourable Sir Abdul Rahim): The Honourable Member is not giving way.

**The Honourable Sir Joseph Bhoré:** Undoubtedly, Sir, this particular Article seems to have aroused a great deal of doubt and some misapprehension. I endeavoured in the very categorical replies that I gave to Sir Ghulam Hussain Hidayatallah to try and remove all possibility of doubt or misapprehension. Let me, Sir, put my reply in more general and wider terms since my specific replies do not seem to have carried conviction in this matter to the opposite side. I would like to say, Sir, that there is nothing in this Article which prevents us from decreasing the rates of duty on foreign goods or increasing the rates of duty on British goods if such decrease or increase is required in order to equate the fair selling price of the Indian article to the duty-free price of the British and the foreign article. In other words, it does not prevent us from using the off-setting powers or the reducing powers which are given to us by Statute. I hope, Sir, that that will entirely remove all apprehension that may exist in regard to this particular Article.

I now come, Sir, to Article 4, which seems to have excited a special manifestation of—may I call it,—hysteria outside this House and a certain measure of uneasiness in this House itself. Let us see what the cause of this is. What is it that we are undertaking to do? In the first place, we are undertaking to give the British industry concerned a full opportunity for stating its own case and of replying to cases that may be put on the other side. That, Sir, as I have already said, and as many Honourable Members of this House have admitted, introduces no new factor into our procedure. It has already been pointed out that, not only British industries, but at least on one occasion, the industry of a foreign country, namely, Japan, have definitely put their case before the Tariff Board, and I submit that such aids to an exhaustive inquiry by the Tariff

[Sir Joseph Bhore.]

Board should be permitted as being in the interests of this country. Now, Sir, I was asked why we had done a thing like this which reflected on the dignity and status of this country. May I point out that exactly the same right has been given to the United Kingdom by Canada and Australia?

Then, Sir, what more do we undertake to do? We undertake,—and note the limitation,—in the event of a radical change in the conditions affecting a protected industry, to order a re-investigation in order to see whether the existing duties are appropriate or not. Not only has that been our existing practice, but I contend that we should be failing in our duty if we did not undertake to re-investigate the condition of an industry in those circumstances. Honourable Members are aware that we have already done so, and I think the last occasion on which we did so was in connection with the cotton textile industry. But some one may say “Ah, that was merely because the radical change in conditions made the existing duties too low” Is there any one, Sir, who can seriously contend that a radical change in conditions justifies an investigation with a view to raising duties in the interests of the manufacturer but that a radical change in conditions does not justify an investigation with a view to lowering duties when they become excessive in the interests of the consumer? I do not think, Sir, that even manufacturers themselves would be so hare-faced as to put forward a contention of that nature. . . .

**Mr. H. P. Mody:** There will be a Tariff Board enquiry.

**The Honourable Sir Joseph Bhore:** Yes. Manufacturers in this country have always a right to come and ask for a re-investigation if conditions change so radically as to render the protection given insufficient. They have never hesitated to use that right. Is the consumer to be debarred from looking forward to an investigation if radical changes in conditions have made duties that have been imposed by the Legislature clearly and grossly excessive? If we have given the right to the United Kingdom to bring to our notice such radical changes in conditions, it is surely in the interests of the consumer that these radical changes should be brought to notice, and that an investigation should take place,—not,—mark you,—with a view to depriving the industry of protection, but with a view to depriving the industry of excessive profits, profits which the Legislature never intended, in according protection in the first instance. And, then, Sir, what is the procedure? Firstly, we have to be satisfied that a radical alteration in conditions has taken place. . . .

**Mr. S. Satyamurti:** Who will judge that?

**The Honourable Sir Joseph Bhore:** I. (Laughter.)

Secondly, the enquiry is to be our enquiry, ordered by ourselves, and entrusted to those whom we consider suitable to carry out the investigation. Thirdly, the conclusions on that enquiry are to be our conclusions, and, lastly, Sir, if the substantive level of protection granted by the Legislature is to be reduced, it is the Legislature that will reduce the level of protection. Sir, in the name of all that is reasonable, if this is the

procedure, I ask, who can possibly take exception to the undertaking given? (Hear, hear.) But, Sir, some one may say, there is nothing else left for him to say—it is perfectly reasonable that if conditions alter radically that there should be a re-investigation. But you have given the United Kingdom the power of bringing such alteration in conditions to your notice. Sir, is that the head and front of our offending, is that the entire gravamen of the charge against us? Then, I am sure, if it is, all Members of this House will agree that the only way of dealing with such a charge is to treat it with the indifference which it deserves. (Laughter.)

My friend, Mr. Mody, inquired whether the investigation under Article 1 would be a Tariff Board investigation. I can give him that assurance at once. It will be a Tariff Board enquiry.

**Mr. H. P. Mody:** Thank you.

**The Honourable Sir Joseph Bhoré:** Then, my friend, Mr. Jinnah, was also very perturbed about reciprocity in this particular matter. You have given these people the right of stating their case; have you got a similar right to go and represent your case before a corresponding authority in the United Kingdom?

**Mr. M. A. Jinnah:** I said any authority.

**The Honourable Sir Joseph Bhoré:** Any authority,—I said the corresponding authority. I reply "Yes" and an emphatic "Yes." Under the Import Duties Act, we have the statutory right of putting our case in the event of a question arising concerning the imposition of import duties for protective purposes in the United Kingdom.

Sir, I now come to Articles 5 and 6, which my friend, the Leader of the Opposition tried so hard to belittle. Now, Sir, Article 5 gives an undertaking which, I submit, is of considerable potential importance to this country, and I say that, despite the scepticism with which some of my friends opposite would seem to regard it. The promise which is given to us by the United Kingdom and by Lancashire is not the mere expression of an empty or pious hope. They have definitely taken steps to implement their promise by investigation, experiment, research and by setting up an organisation to further the purchase of Indian cotton. Honourable Members, if they are reasonable, must recognise that the turnover from American cotton to Indian cotton is a matter which cannot take place in a day, or a month, or even a year, but the figures of consumption of Indian cotton by Lancashire are extremely significant as bearing witness to the honesty of the endeavour which is promised in this Article. My Honourable friend, Sir Cowasji Jehangir, has already given figures in bales, I will give the figures in tons and bring them up to date. In 1931-32, the United Kingdom bought 29,700 tons of Indian cotton; in 1932-33, she bought 29,800 tons; in 1933-34, in pursuance of her promises to do all that she could to further the offtake of Indian cotton, she bought 61,000 tons. (Cheers.) In 1934-35, the figures for the first eight months which alone are available show that she took even more in the first eight months of this year than she did in the corresponding eight months of last year. (Cheers.) Surely these figures should help to carry some conviction as to the genuineness of the United Kingdom's efforts. I am sure that agriculturists in this House will realise the importance of this Article so far they are concerned.

**Sardar Mangal Singh** (East Punjab. Sikh): Where is the guarantee that they will continue to do that?

**Mr. M. A. Jinnah:** What is the date of the Import Duties Act, and what section? I shall feel obliged if the Honourable Member can give me that.

**The Honourable Sir Joseph Shore:** 1932, section 2, clause 3. Let me turn to Article 6. It is hardly necessary for me to refer to this in any detail. The privilege of free entry for our pig caries with it a preference of no less than 33½ per cent against all foreign imports. I have already given figures to this House to show how that preference has resulted not only in the substantial increase of our exports to the United Kingdom but in almost annihilating our foreign competitors in this field. I would also suggest to the House that they should remember one thing, and that is this. British blast furnaces are capable of providing the entire needs of the country so far as pig iron is concerned, and, nevertheless, this concession of free entry has been given to us.

Sir, a great deal has been made of the fact that commercial opinion was not consulted in regard to this Agreement. I have already tried to explain the reason for that, and I submit that, in view of what I have stated, those reasons should be obvious. In the matter of advice and consultation, I have always treated commercial interests in this country with the consideration which is due to them, but in this particular case, what was there that I could have consulted them on? Could I have asked them their opinion with regard to the principles which have been accepted over and over again by the Legislature, or asked them about the procedure and usage which have been enshrined in our practice for years? Had I felt that there was the remotest possibility of this country's interests being affected by any provision of this Agreement, I most certainly would never have hesitated to consult them.

It remains for me to deal with two rather amazing allegations. One is that the Fiscal Autonomy Convention has been thrown to the winds. Now, I am glad to have the assurance from the Opposite Benches that that is not the view, at any rate, of a Leader of one of the important Parties in this House. I, therefore, say no more about it. I would ask this House, however, whether it can point to a single syllable or a single sentence or a single phrase in this Agreement which can affect or does affect the Fiscal Autonomy Convention. Then, Sir, the other charge is even more grotesque. The other allegation is that hereafter it will be impossible for us to protect our industries against the competition of the United Kingdom. I say we have got the definite acquiescence of the British Government in the view that in economic well-being of this country we are entitled to apply the policy of discriminating protection and in pursuance of that policy to give to the industry concerned adequate protection against all imports of whatever origin, British and non-British alike.

Sir, I had hoped to take up the mis-statements made in regard to the Agreement one by one, but I am afraid their number is legion and my time is already far spent. I have, however, I hope, said sufficient to enable such Honourable Members as are free to act in their own discretion (Laughter) to reject those mis-statements on their own initiative.

I have now finished my review of the Articles of this Agreement. I claim that there is not a single national interest which is endangered or which is adversely affected by any of the provisions of this Agreement, and if, while retaining unimpaired the economic interests of this country, we have been able to do something to help on the cause of goodwill and friendliness between the two countries at this most fateful juncture of their histories, then, Sir, we have done something of which we need never be ashamed and of which, this country in its calmer moments, having regard to the wider issues involved, will not deny appreciation. (Loud and Prolonged Applause.)

**Mr. President** (The Honourable Sir Abdur Rahim): The original question was:

"That the Agreement between His Majesty's Government in the United Kingdom and the Government of India, signed on the 9th January, 1935, be taken into consideration."

Since which the following amendment has been made:

That for the original motion, the following be substituted:

"That this Assembly, after duly considering the Agreement between His Majesty's Government in the United Kingdom and the Government of India, signed on the 9th January, 1935, is of the opinion that inasmuch as the said Agreement is unfair to India, the Government of India should terminate it forthwith."

The question I have to put is that that amendment be made:

The Assembly divided:

AYES—66.

Aaron, Mr. Samuel.	Lahni Chaudhury, Mr. D. K.
Abdul Matin Chaudhury, Mr.	Lalchand Navalrai, Mr.
Amer, Mr. M. S.	Mantra, Pandit Lakshmi Kanta.
A-az Ali, Mr. M.	Mangal Singh, Sardar.
Ayyangar, Mr. M. Ananthasayanam.	Mudaliar, Mr. C. N. Muthuranga.
Azhar Ali, Mr. Muhammad	Muhammad Ahmad Kazmi, Qazi.
Badi-uz-Zaman, Maulvi.	Muhammad Nauman, Mr.
Banerjee, Dr. P. N.	Murtaza Sahib Bahadur, Maulvi
Baqui, Mr. M. A.	Syed.
Bardaloi, Srijut N. C.	Nageswara Rao, Mr. K.
Bhagavan Das, Dr.	Paliwal, Pandit Sri Krishna Datta.
Chettiar, Mr. T. S. Avinashilingam.	Pant, Pandit Govind Ballabh.
Chetty, Mr. Sami Vencatachelam.	Raghubir Narayan Singh, Choudhri.
Das, Mr. B.	Rajan, Dr. T. S. S.
Das, Mr. Basanta Kumar.	Raju, Mr. P. S. Kumaraswami.
Das, Pandit Nilakantha.	Ranga, Prof. N. G.
Datta, Mr. Akhil Chandra.	Saksena, Mr. Mohan Lal.
Desai, Mr. Bhulabhai J.	Sant Singh, Sardar.
Deshmukh, Dr. G. V.	Satyamurti, Mr. S.
Essak Sait, Mr. H. A. Sathar H.	Sham Lal, Mr.
Fakir Chand, Mr.	Shaukat Ali, Maulana.
Gadgil, Mr. N. V.	Sheodass Daga, Seth.
Gauba, Mr. K. L.	Sherwani, Mr. T. A. K.
Giri, Mr. V. V.	Singh, Mr. Deep Narayan.
Govind Das, Seth.	Singh, Mr. Ram Narayan.
Hosmani, Mr. S. K.	Sinha, Mr. Anugrah Narayan.
Iswar Saran, Munshi.	Sinha, Mr. Satya Narayan.
Jedhe, Mr. K. M.	Sinha, Mr. Shri Krishna.
Jinnah, Mr. M. A.	Som, Mr. Suryya Kumar.
Jogendra Singh, Sirdar.	Sri Prakasa, Mr.
Joshi, Mr. N. M.	Thein Maung, Dr.
Khan Sahib, Dr.	Umrailsha, Mr.
Khare, Dr. N. B.	Varma, Mr. B. B.
	Visanji, Mr. Mathuradas.



## NOES—58.

Adulabi, Mr. H. M.	Kirpalani, Mr. Hiranand Khushiram.
Ahmad Nawaz Khan, Major Nawab.	Lal Chand, Captain Rao Bahadur
Allah Bakhsh Khan Tiwana, Khan	Chandhri.
Bahadur Nawab Malik.	Lindsay, Sir Darcy.
Ali wali ul-Azam, Mr. Muhammad.	Mehr Shah, Nawab Sahibzada Sir
Ayaz, Rao Bahadur A. A.	Sayad Muhammad.
Venkatarama.	Metcalfe, Mr. H. A. F.
Bajpai, Mr. G. S.	Milligan, Mr. J. A.
Bhagchand Surt, Rai Bahadur Setu.	Mody, Mr. H. P.
Bhore, The Honourable Sir Joseph.	Monteath, Mr. J.
Buss, Mr. L. C.	Morgan, Mr. G.
Chandani, Mr. J. M.	Mukharji, Mr. N. R.
Chow, Mr. A. G.	Mukherjee, Rai Bahadur Sir Satya
Crack, The Honourable Sir Henry	Charan.
Dalal, Dr. R. D.	Muzaffar Khan, Khan Bahadur
DeSouza, Dr. F. X.	Nawab.
Don, Mr. H.	Nayai, Mr. C. Govindan.
Duke, Mr. D. H. C.	Noyce, The Honourable Sir Frank.
Ebrahim Haroon Jaffer, Mr. Ahmed.	Owen, Mr. L.
Fazl-Allah Piracha, Khan Sahib	Raisman, Mr. A. J.
Shahin.	Rajah, Raja Sir Vasudeva.
Gajapati, Maharaj Kura	Rau, Mr. P. R.
Vijaya Ananda.	Sarma, Mr. R. S.
Ghasuddin, Mr. M.	Scott, Mr. J. Ramsay.
Ghuznavi, Mr. A. H.	Scott, Mr. W. L.
Graham, Sir Lancelot.	Sher Muhammad Khan, Captain
Grigg, The Honourable Sir James.	Sardar.
Hidayatullah, Sir Ghulam Hussain.	Singh, Mr. Pradyumna Prashad.
Hockenhill, Mr. F. W.	Sinha, Raja Bahadur Harihar Prosad
Hosack, Mr. W. B.	Narayan.
Hudson, Sir Leslie.	Sircar, The Honourable Sir
James, Mr. F. E.	Nripendra.
Jawahar Singh, Sardar Bahadur	Sloan, Mr. T.
Sardar Sir.	Swithinbank, Mr. B. W.
Jehangir, Sir Cowasji.	Tottenham, Mr. G. R. F.

The motion was adopted. (Loud Applause.)

**Mr. President** (The Honourable Sir Abdur Rahim): Having regard to the result of Mr. K. L. Gauba's amendment, it is not necessary for the Chair to put either the other amendments or the original motion to the House.

The Assembly then adjourned till Eleven of the Clock on Monday, the 4th February, 1935.

